

**WELDON H. CLARK, JR.**  
**100 Heathwood Drive**  
**Liberty, South Carolina 29657**

Nov. 24, 1998

Mr. Lawrence Noble - legal council  
Federal Election Commission  
999 E. NW 6th floor  
Washington, DC 20463

Nov 30 15 17 AM '98

MUR 4865

Dear Mr. Noble:

By this letter, I wish to specifically request that your office conduct an independent investigation into the business affairs of the National Rifle Association with emphasis on Federal elections and the Arena PAC.

By way of introduction, I wish to advise that I am presently a Benefactor member of the National Rifle Association of America, which is the highest class of membership available in that organization. Additionally, I serve on the NRA Board of Directors and have done so for ten years (1980-1983 and 1991 to the present). As a member of the Board of Directors of the Association, I have attempted to discharge my fiduciary obligations to the Association and its membership by trying to keep myself fully informed as to the operation of the Association and of the business practices of the salaried staff of the Association. It is my duty as an NRA Board member to solicit an investigation by your office because the present NRA management, primarily through the efforts of Executive Vice President, Wayne LaPierre, immediate past President, Marion P. Hammer, current NRA President, Charlton Heston (organizer of Arena PAC), and current NRA First Vice President, Kane Robinson, have engaged in questionable business practices with various vendors. These vendors also do business with Mr. Heston's Arena PAC. This is particularly in the public relations area. I contend that they have personally manipulated the affairs of the Association to their personal benefit as well as to the detriment of the Association and its membership.

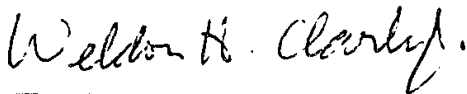
There have been consistent and on-going violations of the NRA bylaws, particularly in the area of member solicitation and membership renewals at discounted rates. There are also constant solicitations from existing members for monetary donations to the Association, with little, if any, oversight on expenditures. The funds raised through these solicitations are used to finance additional fund raising activities and to provide "soft money" for various U. S. Congressional and Senatorial candidates being supported by these Officers and ex-Officers of the Association-often more for their personal reasons or benefit than that of the Association. Attempts at fiduciary supervision by the Board of Directors are routinely rebuffed. Management utilizes association resources to oust directors who attempt any form of oversight (see the attached affidavits which bear on Federal elections).

There are millions of members of the National Rifle Association located in the entire nation. Although the Association is a New York chartered not for profit corporation; the constant appeals the NRA sends to its membership and the millions of dollars generated through these appeals which is then used to influence the outcome of elections, jurisdiction is clearly established for an inquiry originating from your office into the affairs of our Association.

Additionally, attempts by members of the Board of Directors to discharge their fiduciary obligations to the Association and its membership have been consistently met with a total ignoring of requests for information and stonewalling by salaried staff who decline to furnish requested information. This occurs primarily through the direction of Executive Vice President, Wayne LaPierre, and former President, Marion P. Hammer. These individuals have also utilized the resources of the Association to perpetuate themselves in office in violation of a Federal District Court judgment entered against the NRA several years ago in a case styled Fitzgerald v. NRA, [383 F.Supp. 162.] In this judgment the Court ruled that the executive officers and staff of the NRA could not perpetuate themselves in office through utilization of NRA assets to control the election of Board of Directors members. In this regard, Mr. LaPierre and Mrs. Hammer have utilized the resources of the Association through its public relations firm, Mercury Group, Inc., to control the election outcome of the annual meeting of members covering various matters, including bylaw proposals.

I would therefore ask that your office conduct an independent investigation into the business affairs of the NRA, particularly as it relates to Arena PAC and Federal elections. [The NRA Secretary's office has complete court recorder tapes and verbatim transcripts made of each board meeting. Complete verbatim transcripts are made of each annual meeting of members.] Those individuals who have committed illegal acts should be prosecuted. Additionally, if your investigation determines that there have been material and substantial breaches by NRA management relating to the failure to abide by the Federal Laws, or the commission of illegal insider transactions or dealings, then your Office should take such remedial action as is authorized under the Federal Election laws. Particular efforts should be taken to insure that current NRA management does not use the resources of the Association to evade or subvert the Federal Election laws, to control the outcome of the Association elections, perpetuate themselves in office, or engage in illegal, unethical, insider dealings with the vendors used by the Association.

Yours very truly,



WELDON H. CLARK, JR.

work fax 864-898-4005

**Index of Documents Attached to Complaint Letter**

**ITEM**

**DESCRIPTION**

Affidavit of past NRA Vice President and Board member Albert C. Ross 4 pages

Affidavit of NRA Board member Weldon H. Clark Jr. 3 pages

Affidavit of NRA Board member Cathy Gilronan 4 pages

NRA Institute for Legislative Action State Assistance 1996

Chicago Tribune - Political consultant behind actor-activist Charlton Heston May 25, 1997

Letter - Larry Rankin to John Shaban, requesting the inclusion of Plaintiff's Statement in next filing. 2 pages

Plaintiffs' Statement - A catalog of grievances charged against the NRA by the 10 plaintiffs. 10 pages

Attachment to Plaintiffs' Statement - A partial index describing the attachments to the Plaintiffs' Statement. Duplicated by this index. 1 page

NRA Financial Health, Bar Graph with explanatory notes. 1 page

NRA of America Special Report & Finance Committee Meeting Minutes, Dallas, TX Dec 7, 1996 17 pages

NRA Operations Audit Reports - several, many pages

Memo, Albert Ross to Hammer, et al 11/21/96 Suggests meeting of Finance Committee

Memorandum, Phillips to Carone - Finance Committee meeting instructions.

NRA Ten Years Analysis of Operations - Two pages of charts

Memo, Fritz Dixon to all Finance Committee members - Suggestions for agenda for upcoming Finance Committee meeting. 4 pages

Confidential Memo, Carone & Colman to ? - 9 pages

Chart-Top Vendors Paid in '93, '94, '95 - 4 pages

NRA of America Schedule of Contracts and Agreements - 6 pages

Analysis of Public Relations - EVP Cost Center - 3 pages with chart as of 8/31/95

Paid Items Status Report - Associated Television - 4 pages of tabulated invoices

Expense Analysis By Vendor - Associated Television - 8 pages of tabulated invoices

Paid Items Status Report - American Adventurer - 1 page of tabulated invoices and 1 cover page

Expense Analysis by Vendor - American Adventurer - Two pages

Associated Television, Individual Invoices - 17 Invoices to Woody Phillips

American Hero Awards & Charleton Heston Celebrity Shoot Invoice - 1 page

Fitzgerald vs. NRA, Sept. 23, 1974 - 4 pages

Affidavit of Brad Alpert - 1 page

**AFFIDAVIT**

**THE STATE OF TEXAS           §**

**COUNTY OF TARRANT       §**

**BEFORE ME**, the undersigned authority, a Notary Public in and for the State of Texas, on this day personally appeared **ALBERT C. ROSS**, who, after being by me duly sworn on his oath states as follows:

(1)     “My name is **ALBERT C. ROSS**. I reside at 2425 N. Cooper Street, Arlington, Texas and have resided at that address for the past 29 years. I am a licensed attorney in the State of Texas and have practiced law in Texas since having been admitted to the State Bar of Texas in 1960. Additionally, I am licensed to practice before the United States Supreme Court, United States Court of Military Appeals, the United States Fifth Circuit Court of Appeals, and the Federal Court System for the Northern District of Texas.

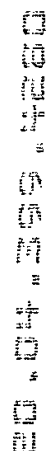
(2)     “Four years ago I was elected to the Board of Directors of the National Rifle Association of America, whose headquarters are located at 11250 Waples Mill, Fairfax, Virginia 22030. In 1996 I was elected Second Vice President of the National Rifle Association of America and served in that capacity from April 1996 until May 1997. During my service as both a Director and Officer of the NRA, I attempted to discharge my fiduciary obligations to the Association and its members through timely and diligent inquiry into the business affairs of the Association and the manner in which those business affairs were conducted. During my service as Second Vice President to the Association, at the request of several Board members, I obtained a copy of the list of annual

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grants made by the Institute for Legislative Action of the National Rifle Association. The Board members requesting this information informed me that they had often requested release of this information to them as a Board of Directors member and had always been refused the information. Upon receipt of the Institute for Legislative Action Grant List, I distributed this list of annual grants to the Board members in order that the Board members would be informed as to how NRA Institute for Legislative Action grant money was being distributed. Of the approximately \$330,000.00 in annual grants made by the Institute for Legislative Action, solely under the control of its Director, Tanya Metaksa, a total of \$130,000.00 had been distributed to Unified Sportsmen of Florida, a lobby organization in the State of Florida headed up then President of the NRA, Marion Hammer. Based on the reaction that was created when this grant list was distributed to the Board members, I am of the opinion that well over a majority of the Board members were unaware of the fact that grants of this magnitude were being distributed to Unified Sportsmen of Florida in this particular year. Upon further inquiry, it was determined by further investigation that grants of this size had been customarily distributed to Unified Sportsmen of Florida for the past several years and, in fact, the amount of the NRA grant amounted to over 50% of the annual budget of Unified Sportsmen of Florida which, in effect, made Marion Hammer a defacto salaried staff person of NRA since there would have been insufficient funds in the annual budget of Unified Sportsmen of Florida to pay Marion Hammer's annual salary without the grant received from NRA Institute for Legislative Action.

(3) "During the time of the inquiry and questions raised about the annual grants of the Institute for Legislative Action, it was revealed that there was another grant list referred to as the EVP Grant List which was under the sole and exclusive control of NRA's Executive Vice President, Wayne LaPierre. In late March or early April 1997, I requested a copy of the EVP Grant List through the appropriate channels at NRA headquarters and, despite renewing this request on one occasion prior to mid-April 1997, I was never furnished the requested information. In May 1997 my term as Second Vice President expired and subsequently in June 1998 my service on the Board of Directors also expired. Although several other members of the Board of Directors of the NRA, as well as myself as Second Vice President, specifically requested that we be furnished copies of the annual EVP Grant List, these requests were consistently ignored and the information never furnished.

(4) "During my service as an NRA Director, as well as Second Vice President, I determined that there was a consistent policy on behalf of upper level management of NRA consisting primarily of Executive Vice President, Wayne LaPierre, Director of Institute for Legislative Action, Tanya Metaksa, and NRA President, Marion Hammer, to either ignore or attempt to ignore specific directives issued by the Board of Directors, specific provisions of the bylaws of the Association, particularly in the area of authorizing the continued solicitation of new members and membership renewals at deeply discounted prices contrary to the bylaws without Board of Directors' approval, and to engage in other questionable business practices relating to NRA involvement with a political magazine known as *Campaign and Elections* distributed in Washington, D.C., and also questionable business practices in regards to the forwarding of campaign funds received from the tobacco industry to selected politicians, or campaign funds on Capitol Hill.

[illegible][illegible][illegible][illegible][illegible][illegible]

**AFFIDAVIT**

**THE STATE OF SOUTH CAROLINA**  
**COUNTY OF PICKENS**

§  
§

**BEFORE ME**, a Notary Public in and for the State of South Carolina, on this day personally appeared **WELDON H. CLARK, JR.**, who, after by me being duly sworn on his oath, states as follows:

(1) "My name is **WELDON H. CLARK, JR.**, of 100 Heathwood Drive, Liberty, South Carolina. I have served on the NRA Board of Directors for over 10 years. (1980-1983 and 1991 to the present). I am over the age of 18 years, have never been convicted of any crime, and have specific knowledge of the facts stated herein.

(2) "For several years prior to December 1996 the NRA was represented in its public relations effort by a firm known as Ackerman McQueen, headquartered in Oklahoma City. During the calendar year 1996 Ackerman McQueen maintained a branch office in the Washington, D.C. area located in the NRA headquarters building in Fairfax, Virginia. The Ackerman McQueen staff located in the NRA headquarters building was primarily concerned with advancing the public relations efforts of the National Rifle Association. The NRA is organized under the New York Not For Profit Corporation Statutes. In addition to its normal corporate activities as a non-profit corporation, the NRA operates its Institute for Legislative Action which conducts the NRA political lobbying efforts in the United States. The NRA also has several 501C3 tax exempt organizations such as the Special Contribution Fund which operates the NRA Whittington Center in Raton, New Mexico; the National Firearms Museum Fund, the NRA Civil Rights Legal Defense Fund; the Jeanne E. Bray Memorial Scholarship Fund and the NRA Foundation. The costs for these public relations on behalf of these various entities of the NRA exceeds several million dollars annually.

(3) "In December 1996 Executive Vice President, Wayne LaPierre, informed the Board of Directors that the contract with Ackerman McQueen was not being renewed. This was alleged to be at the request of Ackerman McQueen. The NRA was to start 1997 using the public relations services of a new corporation called Mercury Group, Inc. that had been formed by former employees of Ackerman McQueen that had been handling NRA public relations. The Executive Director of Mercury Group, Inc. Tony Makris, was also Director of the Ackerman McQueen NRA public relations efforts. During 1996 and 1997 the NRA Board of Directors had directed a management review of the NRA business affairs. This review was conducted by two members of the Board of Directors, Richard Carone, as Chair, and Ronin Colman, as Primary Investigator. Notwithstanding the fact that the Board had



mandated a thorough review of all aspects of NRA operations, then President, Marion Hammer, had directed that the review not include inquiries into the business affairs of Ackerman McQueen. The contract that Executive Vice President, Wayne LaPierre, approved with Mercury Group, Inc. for the NRA public relations business was done without any "request for proposals"; any bidding process; and no competitive bidding. When approval of the contract was held up by the two Vice Presidents, because of the lack of competitive bidding, further inquiry about the contract revealed that Mercury Group, Inc. was a wholly owned subsidiary of Ackerman McQueen, and that Tony Makris, the Executive Director of Mercury Group, Inc., was also the Director of public relations efforts for Charlton Heston. He also served as Treasurer or Director of Charlton Heston's political action committee known as 'Arena PAC.' (See Chicago Tribune story.)

(5) "In the Spring of 1997 Tony Makris and the public relations firm of Mercury Group, Inc. orchestrated the election of Charlton Heston to the NRA Board of Directors through a procedure which many of the members of the Board of Directors contend was contrary to the NRA bylaws. After Charlton Heston's election to the Board of Directors, he was also elected First Vice President and served in that capacity until June 1998 when he was elected President of the Association. Allegations made to me by persons I consider credible are that funds of the National Rifle Association have been used to pay for public relations services for Mr. Heston individually and unrelated to NRA business. On at least one occasion Executive Vice President, Wayne LaPierre, stated that the NRA pays for the service Tony Makris renders to and for the benefit of Charlton Heston individually. Neither the NRA Board of Directors, its Institute for Legislative Action, or the various staff employees of the Institute have the ability or authority, to control or select political candidates and/or the amount of money distributed to political candidates chosen by Arena PAC.

(6) If these allegations are true, it is my opinion that these practices constitute an illegal dissipation of NRA funds. Further, that the utilization of NRA funds to provide for the expenses and services for the operations of Arena PAC is contrary to the best interest of the NRA and its members. Also, if true, these practices amount to a conflict of interest in those elections where Arena PAC endorses candidates which have not been endorsed by the NRA Institute for Legislative Action. Both the NRA and Arena PAC utilize many of the same vendors and the utilization of the same public

relations firm creates a situation where illegal funds for an election campaign or candidate can be utilized through the use of Arena PAC. Also, the NRA, through its public relations firm, could willingly accept inflated invoices and thus, overpay vendors performing work for both Arena PAC and NRA with NRA funds. This then permits that vendor to perform services or incur expenses on behalf of Arena PAC which are actually being paid by NRA through overpayment of invoices. Although this type of "laundering" of NRA money into selected political activities would seem unlikely, I have been informed this very type of activity occurs with regularity.

(7) "By reason of the above, I believe an independent investigation should be conducted by an appropriate law enforcement agency to determine whether or not a wrongful dissipation of NRA assets has occurred or illegal election activities has occurred through the use of NRA funds." [You will find attached the ILA grant list for 1996 listing payments to the Unified Sportsmen of Florida totaling \$130,000. Also attached is the affidavit of NRA Director Cathy Gilronan that includes her hand copy of the 1997 ILA Grant list showing a grant to the Unified Sportsmen of Florida for \$120,000 and includes a \$60,000 payment just before the 1997 annual meeting where Heston was elected. This same grant for 1996 was \$130,000 and \$120,000 in 1995. NRA's immediate past President Marion Hammer is the Executive Director of Unified Sportsmen of Florida, drawing a salary reported to be \$70,000 annually, plus benefits. The NRA grant to her organization amounts to over 50% of their annual budget which effectively makes her a salaried NRA Staff member-something that would prohibit her from serving as either an NRA Director or elected Officer under the NRA By-laws.]

**FURTHER, AFFIANT SAYS NOTHING.**

Weldon H. Clark Jr.  
**WELDON H. CLARK, JR.**

**SUBSCRIBED AND SWORN TO BEFORE ME** by the said **WELDON H. CLARK, JR.** on the 13th day of October, 1998.

Pamala D. Green

Notary Public in and for  
The State of South Carolina

My Commission Expires October 20, 2000

97

Coalition of Connecticut Sportsmen	6-4	4,000
Gun Owners Action League	6-4	1500
Sportsman Alliance	6-4	1500
GOAL	7-8	5,000
Kan. 2 <sup>nd</sup> Amend Soc	2-19	1500
	4-10	3000
Coalition of NJ Sportsmen	7-24	3,000
NY	6-24	1000
Protest OK Rifle Assn	2-28	1191.65
Unified Sportsmen of Fla	1-3	10,000
	2-4	10,000
	3-3	10,000
	3-3	10,000
	4-1	10,000
	5-2	10,000
	5-2	60,000
Utah Shooting Sports Council	6-25	3,000

144,691.65

These are photocopies of the pages I copied from NRA-ILA grant records at the Sept. 1997 Board meeting. I as a director was not allowed any other copies. per directive of the Executive Director of NRA-ILA.

SWORN TO me this 2<sup>nd</sup> DAY OF September, 1998  
CATHY L. GILRONAN  
PERSONALLY APPEARED AT  
CHARDON, GEORGIA, OHIO.  
Allan J. Glagola

Cathy L. Gilronan  
Cathy L. Gilronan

ALLAN J. GLAGOLA  
Notary Public, State of Ohio  
My Commission Expires May 26, 2003

96

Ag 4-4-96 1 000  
Cal Balanced Wildlife 3-5 25,000

3-15 75,000  
Col State Shoot Assn 6-12 3,000  
5-8 3,000

Stop Pmt  
Col of Ct Sportmen 4-5 5,000

United Sportmen of Ia 1-16 20,000

2-9 10,000

3-1 10,000

4-3 10,000

5-30 10,000

6-3 10,000

7-1 10,000

8-1 10,000

9-1 10,000

10-1 10,000

12-3 10,000

Impressions Iowa Sportmen 6-6 5,611.20

Probat Iowa Sportmen Letter 6-21 7,953.41

Probat 7-19 927.18

Iowa Sportmen Fed 9-17 500

Probat 10-16 2,703

SWORN TO ME THIS 2<sup>nd</sup>

ALLAN J. GLAGOLA  
Notary Public, State of Ohio  
My Commission Expires May 26, 2003

OF September 11, 1998  
L. GIL RONAN  
PERSONALLY APPEARED AT CLEVELAND, GEORGETOWN, OHIO  
NO. 0

Arthur J. Glagola

Sportmen Heritage Fund - Ill.	10-14	10,000	
Ill State Rifle Assn	5-8	1,000	
Kansas 2nd Amend Soc	1-3	5,000	
Gun Owners Action League	8-9	3,000	
Citizens for Professional Wildlife Mgt	9-12	20,000	MI
Coalition of NJ Sportmen	1-23	2,500	
NY	4-18	1,000	
Dr State Shooting Assn	1-4	3,000	
Repeal Measure 18*	10-1	10,000	
Texas R & P	2-23	5,000	
Utah Shooting Sports Council	1-18	3,000	
Wa R & P	5-8	3,000	
Firearms Tech	1-5	5,000	WI
		345,045.59	

95-

Cal State Shooting Assn	2-13	2,500	
	7-18	2,000	
Coalition of Ct Sportmen	3-8	5,000	
United Sportmen of Fla	1-11	50,000	
	6-1	25,000	
	8-10	25,000	
	10-6	10,000	
	11-21	10,000	
Hawaii Rifle Assn	3-8	1,000	
Puerto Rico	4-11	11,474.64	
Inventory Usage	8-31	309.66	

SWORN TO ME THIS  
2ND DAY OF September  
1998 CATHY L.  
GIL RONAN PERSONAL  
APPEARS AT CHURCH,  
BRAGA, OHIO.  
Allan J. Glagola

ALLAN J. GLAGOLA  
Notary Public, State of Ohio  
My Commission Expires May 26, 2003

71 R & P 11.000

Sportsmen Heritage Defense Fund	8-17	5,000	Ad.
Indiana R & P	1-18	1,000	-
Kansas 1 <sup>st</sup> amend Society	2-23	500	
Maryland Rife & P	8-2	3,000	
Gun Owners Civil Rights Alliance	3-14	2,000	MA
Monte Shooting Sports Assn	3-30	1500	
Coalition of NJ Sportsmen	6-14	1500	
NY	1-11	1,000	
Oregonian for Wildlife	2-21	34,500	
Texas R & P	2-7	5,000	
Utah Shooting Sports Council	1-18	2500	
	3-8	2500	
	8-30	1000	
Wash R & P	3-14	5,000	
Citizens for Fair & Consistent Laws	10-17	500	Wa
Wis Pro Gun Movement	1-31	9,100	
		217,884.30	

SWORN TO ME THIS 2<sup>ND</sup> DAY OF September, 1998

CATHY L. GILKINSON personally appears

AT CHARDON, GEORGETOWN, OHIO

ALLAN J. GLAGOLA

ALLAN J. GLAGOLA  
Notary Public, State of Ohio  
My Commission Expires May 26, 2003

*Cathy L. Gilkinson*

NRA INSTITUTE FOR LEGISLATIVE ACTION  
TATE ASSISTANCE 1996  
JANUARY - DECEMBER

	CK #	DATE	AMOUNT
AZ STATE RIFLE & PISTOL ASSN	12998	APR.04.96	1,000.00 AZ
CALIFORNIANS FOR BALANCED WILDLIFE MGT	12771	MAR.05.96	25,000.00 CA
CALIFORNIANS FOR BALANCED WILDLIFE MGT	12846	MAR.15.96	75,000.00 CA
COLORADO STATE SHOOTING ASSN	13610	JUN.12.96	3,000.00 CO
COLORADO STATE SHOOTING ASSN	13289	MAY.08.96	3,000.00 CO
COLORADO STATE SHOOTING ASSN	13479	(stop Pmt)	
COALITION OF CT SPORTSMEN	13006	APR.05.96	5,000.00 CT
DELAWARE STATE SPORTSMEN ASSN	13585	JUN.07.96	8,250.00 DE
DELAWARE STATE SPORTSMEN ASSN	14234	AUG.27.96	2,650.00 DE
UNIFIED SPORTSMEN OF FLORIDA	12383	JAN.16.96	20,000.00 FL
UNIFIED SPORTSMEN OF FLORIDA	12614	FEB.09.96	10,000.00 FL
UNIFIED SPORTSMEN OF FLORIDA	12743	MAR.01.96	10,000.00 FL
UNIFIED SPORTSMEN OF FLORIDA	12983	APR.03.96	10,000.00 FL
UNIFIED SPORTSMEN OF FLORIDA	13228	APR.30.96	10,000.00 FL
UNIFIED SPORTSMEN OF FLORIDA	13496	MAY.30.96	10,000.00 FL
UNIFIED SPORTSMEN OF FLORIDA	13517	JUN.03.96	10,000.00 FL
UNIFIED SPORTSMEN OF FLORIDA	13754	JUL.01.96	10,000.00 FL
UNIFIED SPORTSMEN OF FLORIDA	14008	AUG.01.96	10,000.00 FL
UNIFIED SPORTSMEN OF FLORIDA	14287	SEP.01.96	10,000.00 FL
UNIFIED SPORTSMEN OF FLORIDA	14500	OCT.01.96	10,000.00 FL
UNIFIED SPORTSMEN OF FLORIDA	14963	DEC.03.96	10,000.00 FL
IMPRESSIONS-IOWA SPORTSMEN	13567	JUN.06.96	5,611.20 IA
PROLIST-IOWA SPORTSMEN LETTER	13683	JUN.21.96	7,953.41 IA
PROLIST	13892	JUL.19.96	927.18 IA
IOWA SPORTSMEN'S FEDERATION	14381	SEP.17.96	500.00 IA
PROLIST	14595	OCT.16.96	2,703.80 IA
SPORTSMEN'S HERITAGE DEFENSE FUND	14573	OCT.14.96	10,000.00 ID
ILLINOIS STATE RIFLE ASSN	13409	MAY.23.96	3,000.00 IL
INDIANA STATE RIFLE & PISTOL ASSN	13292	MAY.08.96	1,000.00 IN
KANSAS SECOND AMENDMENT SOCIETY	12302	JAN.03.96	5,000.00 KS
GUN OWNERS ACTION LEAGUE	14090	AUG.09.96	3,000.00 MA
CITIZENS FOR PROFESSIONAL WILDLIFE MGT	14333	SEP.12.96	20,000.00 MI
COALITION OF NJ SPORTSMEN	12480	JAN.23.96	2,500.00 NJ
COALITION OF NY SPORTSMEN	13147	APR.18.96	1,000.00 NY
OR STATE SHOOTING ASSN	12336	JAN.04.96	3,000.00 OR
REPEAL MEASURE 18	14305	OCT.01.96	10,000.00 OR
TEXAS RIFLE & PISTOL ASSN	12658	FEB.23.96	5,000.00 TX
UTAH SHOOTING SPORTS COUNCIL	12386	JAN.18.96	3,000.00 UT
WA STATE RIFLE & PISTOL ASSN	13237	MAY.08.96	3,000.00 WA
FIREARMS TECH	12351	JAN.05.96	5,000.00 WI

345,095.59

# Political consultant behind actor-activist Charlton Heston

**W**ASHINGTON—There may be no more self-obsessed, power-conscious, back-stabbing town than Washington—with the exception, of course, of Hollywood.

It's no accident that the two places have a rich, symbiotic relationship, with stars and pols sucking up to one another for decades.

Still, as political consultant Tony Makris acknowledges, many celebrities from the Left Coast are dabblers. They may be sincere but are short-timers, even hypocrites, on issues.

Then there's Charlton Heston, possibly the most high-profile non-professional pol in Tinseltown. A long career of off-screen lobbying was

## SUNDAYWATCH

James Warren

cupped recently when Heston, 72, upset the incumbent and won the first vice president's post on the National Rifle Association.

As usual, Makris was in the wings, offering advice as perhaps the one and only full-time political adviser to a celebrity.

(Major announcement: I will attempt to make this the first Heston-related piece not to cite, even as a weak joke, his portrayal of a Hebrew lawgiver who led his people out of bondage in Egypt to the edge of Canaan: Or to a muscular guy in a chariot.)

Makris, 42, is president of Mercury Group, the political subsidiary of a larger, Dallas-based lobbying and communications firm, Ackerman and McQueen. They do a lot of defense and foreign policy work for corporate clients.

But they also assist Heston, perhaps the only celebrity with full-time Washington political staff and legal counsel, as well as his own political action committee, called ArenaPAC.

Heston is no Johnny-come-lately to the political sphere. Even before Makris was born, he was campaigning for Adlai Stevenson. When Makris was in grade school, the actor was picketing segregated lunch counters down South.

They met in 1982 as Makris worked for a pro-military coalition against a nuclear-freeze referendum in California. Somebody suggested a call to Heston, who ultimately did some TV commercials and op-ed page articles.

Heston kept in touch to pick Makris' brain on arms control and defense issues. Meanwhile, Makris and fellow Republicans were conscious of the Democrats being more adroit in using celebrities, though their utility can be finite.



Photo for the Tribune

Tony Makris began his political relationship with Charlton Heston in 1982 when the actor agreed to do pro-military TV commercials.

"It's easy to ask a celebrity to go on Air Force One or be on a podium with the president," Makris said last week. "It's more difficult to get him to go to Ft. Dodge, Iowa, for a pancake breakfast."

Heston was willing to do both. "I said, 'If you're willing to do things like that, we're willing to staff you,'" Makris said.

When Makris himself headed to the Pentagon in 1985 as deputy assistant secretary of defense for House affairs (a liaison to Congress) under Caspar Weinberger, he continued the relationship with Heston.

"When I was at the Pentagon I sent him briefing papers on various issues," said Makris, who amended the comment to assure me that everything was on the public record, "the same stuff that went to the Armed Services Committee."

A typical, if high-profile, example of how it has worked in Makris' post-Pentagon career played out in 1992, after Heston returned from shooting a film in England.

Makris, who was once a reserve deputy sheriff in Alabama, told him about a brewing controversy over the rapper Ice-T's "Cop Killer" song. Law enforcers were irate. Heston, who also happened to own Time Warner stock, read the lyrics and was outraged.

The actor decided he would go to that year's shareholders meeting in Beverly Hills and confront chief executive Gerald Levin.

"I told him that he shouldn't read the lyrics at the meeting," Makris said. "I thought Charlton Heston, with the voice of Moses, uttering those profanities, wouldn't play well. But he did and I was proven wrong."

(OK, this column has now failed its first objective. There is a seemingly irresistible need to mention the fabled Hebrew lawgiver portrayed by Heston in "The Ten Commandments.")

Makris and Heston talk almost daily. His firm not only counsels Heston on policy but it handles the logistics of his expanding extra-curricular activities.

For example, during the 1996 presidential campaign he surfaced in 21 states for 54 candidates for federal office.

Heston has been described as the most popular non-professional political figure in America. Even with his ascension within the NRA, he has no desire for public office and doesn't take any pay for politically related activities.

"The only thing that's a bit discouraging is that more celebrities won't stand up like Heston," Makris said.

"I understand that they're surrounded by people telling them not to take a stand since they might lose a role. But, on the whole, you are talking about people who make tens of millions of dollars. You'd think they'd be rather secure." (Please note that mention was avoided of Heston playing the guy in the chariot.)

*"It's easy to ask a celebrity to go on Air Force One or be on a podium with the president. It's more difficult to get him to go to Ft. Dodge, Iowa, for a pancake breakfast."*

Tony Makris



May 7, 1998

John T. Shaban  
Attorney for Plaintiffs  
Whitman Breed Abbott & Morgan LLP  
200 Park Avenue  
New York, NY 10166

RE: Motion to Reconsider with Exihits Attached

Dear John,

Several of us have contacted you about getting the enclosed Addendum filed as an exhibit with the court. My personal feelings are that you are stonewalling us on this issue; or you are trying to recommend getting the addendum in court as an "Amendment". By doing this you price us out of the case. We all realize that is like starting a new case. We do not want to start a new case *at this time*.

Others and I have explained to you the reasons we want this Addendum filed as an exhibit. We all know because of court records, that the NRA was able to file newspaper articles and magazine editorials smearing the Plaintiffs. This is extremely uncommon for the court to accept, as it is here say. However, it is now a permanent record *with no response from Plaintiffs*.

A lawyer contacted you on our behalf explaining the simplicity of getting the Addendum in as an attached exhibit to a "Motion to Reconsider". We want this done the easy way, not the hard way costing money! At this point I do not feel you have represented the interests of all Plaintiffs. However, I hope you *will prove to us that you do have all Plaintiffs interests at heart*.

I know myself and Bill Dominguez would not accept the proposed terms of our last conference call, unless other items were added. You promised both of us that you would add: "NRA would not say we forced them to apologize at a later time, or, that they would not vilify the plaintiff's at a later time. You also promised Bill Dominguez you would add the NRA's compliance with "Fitzgerald vs. NRA" so they would follow that courts' ruling. Neither happened as promised. So effectively neither Bill nor I agreed to your proposed terms.

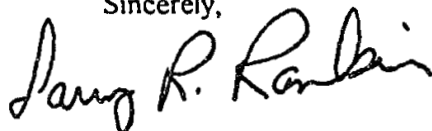
I hope after you read this letter we will have a meeting of the minds and an understanding that we as plaintiff's have a say in the strategy and decision making process and therefore want this Addendum filed expeditiously!

If our direction is not followed, immediately send me a letter explaining why not.

We also want a copy of "Fitzgerald vs. NRA" attached along with our addendum to the "Motion to Reconsider". A hard copy of the revised Addendum for filing is being Federal Expressed to you today.

Thank you for your attention to this matter as we have lost enough time on this important issue.

Sincerely,

A handwritten signature in cursive script that reads "Larry R. Rankin".

Larry R. Rankin, Plaintiff  
405 Los Feliz Drive  
Santa Barbara, CA 93110

cc: Plaintiffs

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## PLAINTIFFS' STATEMENT

May 8, 1998

### Introduction

Since we are neither Officers of the Court, nor experts in New York Not-For-Profit law, we recognize that this statement may have little standing. However, we can in common terms address some of the damage done by the NRA leadership, not only to us as petition candidates, but to the membership as a whole. While we appreciate the work of our counsel, as life members who have been personally injured by the leadership of the very organization we have supported for decades, we feel compelled to address the Court, if only for the record.

The court's recent decision held NRA in civil contempt and acknowledged that Plaintiffs' rights had been prejudiced, yet stated that, "*Any interference by the court in the pending election is unwarranted, both factually as well as legally.*" We appreciate the wisdom of the court's decision given the facts at its disposal, as the court must balance the rights of all parties, including the membership and other candidates. However, we hope the additional facts and perspective provided below will indicate that setting aside the election warrants reconsideration. We believe the interests of the membership and the majority of candidates would be served, the remaining candidates would not be prejudiced, and a broader social interest would be addressed.

First, we must address the Defendants' move to 'poison the well' through guilt by association and ad hominem attacks. Documents recently filed by the NRA include an American Spectator article by David Brock, in which present NRA leadership and their allies make a number of hypocritical, unfounded character attacks on their opponents. This illustrates the problem faced by those critical of NRA leadership: They are smeared and denounced as 'extremists' -- the hate word of the 90's -- or worse. With exclusive access to media (including its own) NRA leadership is able to avoid accountability for its acts by introducing a bogus philosophical issue into the argument and bringing approbation and hatred down on its critics.

Not one shred of evidence of this so-called 'extremism', or of the other scurrilous allegations in their smear campaign, has ever been provided. We were surprised that the Court was given the Spectator piece, due to its irrelevance and the fact that only one of the ten plaintiffs was named. The intent can only be to smear the plaintiffs by association. Nevertheless, we were *not* surprised that crucial contextual information about the author was withheld: Mr. Brock later revealed that part of his job, according to the powerful donors who control the Spectator, was to destroy the reputations of individuals deemed inconvenient for the Republican right. He was fired after a "crisis of conscience" drove him to publicly apologize for acting as a paid political "hit man for the right" (Esquire, July 1997) and to denounce them for sacrificing journalistic integrity on the altar of political advantage.

The plaintiff-candidates and their supporters have come forward primarily due to the present NRA leadership's gross financial mismanagement, as well as their repeated, arrogant violations of NRA Bylaws, Robert's Rules of Order, and state and federal laws as we understand them. As we read *Fitzgerald v. NRA*, it seems clear that much of the misconduct by present NRA leadership was

disapproved by *that* court. Please note that reference to "NRA leadership" refers to President Marion Hammer, Executive Vice President Wayne La Pierre, 1st VP Charlton Heston, 2nd VP Kayne Robinson, Secretary Edward Land, Treasurer Wilson Phillips, Executive Director of the NRA Institute for Legislative Action (ILA) Tanya Metaksa.

We would like to state that from a moral standpoint, our action is effectively not against the National Rifle Association. Rather, we feel we are acting on behalf of NRA membership and all petition candidates to restore fair and democratic control of the Association, which has been usurped by an entrenched, abusive management/leadership faction. Unfortunately, suing NRA seems to be the only practical means of achieving that goal. This all could have been avoided had NRA's leadership abided by the letter and spirit of NRA's Bylaws, the *Fitzgerald v. NRA* decision, New York Not-For-Profit Law, and this Court's orders.

## I

This year more than twice as many candidates than usual are running for the Board. Petition-only candidates have increased tenfold to well over the number of candidates nominated by the incumbent Board's Nominating Committee. All of the petition candidates are simply life members active in the Association's affairs and activities. There is not a famous politician or movie star among us and none receive publicity or other emoluments from NRA. That is not the case with a number of the candidates nominated by committee.

There are various reasons why so many are running by petition. There is a growing concern among many members that something is seriously wrong with NRA. Some are Democrats concerned that the NRA has become a pawn of the Republican Party. Some are concerned that vendors, gun manufacturers, and self-dealing board members have taken control of NRA to protect their vested interests. Others are concerned with political positions the NRA has taken over the last decade, including financial support to politicians. However, the major concerns shared by plaintiffs and many other petition candidates is the financial mismanagement by NRA's leadership and the principal that *undue or unfair* influence by management on the *selection and election process* of a Board is not healthy.

Imprudent management decision making within NRA has been ongoing for almost a decade. In the last eight years, by NRA's own Audited Financial Statements, the NRA has incurred close to \$100,000,000 in operating losses. **That red ink was paid for by liquidating \$100,000,000 of the membership's assets** (see attached report & charts). As a result, the NRA has become technically insolvent with negative net worth in the range of minus (\$40,000,000). Yet members are told that NRA is financially sound while at the same time leadership pounds them with an unprecedented plethora of fear-mongering mailings and incessant demands for more money.

Since 1991, serious concern over NRA's financial condition has been expressed by every Finance Committee Chairperson except the one President Hammer recently appointed in the process of almost completely replacing that Committee with inexperienced, unqualified, leadership-allied Directors. In 1994, facing mounting losses, the Board authorized the Finance Committee Vice Chairman to conduct an operations audit. The results were disturbing though only a few areas were

investigated. The audit revealed that NRA Officers routinely violated corporate bylaws and policies. Hundreds of millions of dollars had been paid to vendors without the benefits of competitive bidding and written contract. Cronyism was apparent between NRA and its major vendors such as the PR firm Ackerman McQueen and its affiliates, which had done business with NRA for almost 20 years without going through a competitive contract bidding process to insure cost containment and performance (see attached report).

On receiving these reports at a full meeting of the Board, a majority of Directors chose to terminate the operations audit rather than hold management accountable. As a result, the Finance Committee Chairman resigned. (Unfortunately, *that* was not unprecedented: Directors are elected for three-year terms, yet in the last 4 years the NRA has had 6 Finance Committee chairs). Those Directors who acted to hold management accountable have lost their committee assignments, been targeted for election defeat, and been prevented from attending committee meetings. As seen in the Spectator article, they have been publicly vilified by the leadership and their supporters with unfounded claims that they are radicals, troublemakers, extremists, and even thieves, just as we have been vilified for bringing this case before the Court. That is the leadership's modus operandi. As a result there is at least one libel suit against the NRA President and other lawsuits are expected against Directors and Officers.

Certainly the Court is interested in the legal issues central to this action rather than the hypocrisy and internal politics tangential to it. Nonetheless, it is a disgusting example of the extent to which NRA leadership will go when money, power and the status quo are at stake. We are life members who have supported the organization with our own time and money for decades. Most of us have never even met NRA leadership, yet they are willing to smear and impugn us. But the central issue here is that NRA leadership has violated the Court's order, broken the Association's Bylaws and perhaps New York Law. In doing so they have rendered the last two elections anything but fair and democratic. They were aware of what they were doing, as in *Fitzgerald v. NRA*.

## II

In last year's election an ad in the ballot issue of NRA's publications featured photos and titles of the top three paid Officers, including the NRA President, along with voting recommendations. That unprecedented campaign, like this year's, urged members to "Vote Against" a group of incumbent Directors who had attempted to perform their fiduciary duties in opposition to NRA leadership. This may seem to be within the Officers' right of free speech. But shouldn't that be balanced by the goal of a fair and democratic election given their official positions, their influence over powerful financial allies and advisors including NRA vendors, and their control of the magazines, voting member lists, and other NRA assets? The leadership approves the content of NRA's publications. In that regard, it should be noted that prior to publication of these ads, NRA President Hammer sent a letter explicitly prohibiting the use of her photo in NRA's publications without her prior approval. For the leadership to allow the NRA name and their corporate photos and titles to be used in ads by an "independent campaign committee" is tacit approval of the committee's voting recommendations and of the use of corporate assets to influence the election for their own benefit. Thus, the leadership's conduct in the 1997 election was *also* in violation of *Fitzgerald v. NRA*.

[illegible]

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(of course the latter list included all of the Plaintiffs, one of whom, Howard Fezell, has served a term as a Director). They also recommend that members vote against the Financial Disclosure Amendment for Officers and Directors, which was qualified by member petition. The ballot immediately follows that section.

It's all very professionally done, from a campaign/marketing perspective. In its totality it was a costly endeavor, particularly considering that their ads have run unopposed in many independent firearms publications, and *continued* to run in NRA publications even after the ballot issue. Who paid for this? Who designed it? Who orchestrated it? Who authorized it? What counsel reviewed the work? Did the membership pay for any of it? Were Association assets used either directly or indirectly? If so, the Officers have not disclosed it to the members. Did vendors fund it or "volunteer" their efforts as in-kind contributions? Did gun manufacturers or gun dealers provide support? The membership has a right to know the answers to these questions, just as they should know that we paid for our own ads with our own money.

It seems that control of NRA's ad budget is being used as an election tool as well. For example, about the time NRA began spending large amounts of money in independent gun magazines to promote Charlton Heston's new fundraising campaign, a number of these gun magazines adopted a pro-NRA leadership editorial stance.

It is our understanding of *Fitzgerald v. NRA* that it is unlawful for Association assets -- tangible or intangible -- to be used by Officers or Directors to campaign for Officers or Directors. If that is the law, then in the last two Board elections NRA Officers (and others) have violated it, for approving the use of their titles and photographs within the NRA magazines in an election ad is approving the use of Association assets. Given the Officers' control of the lists and publications, one would expect them to avoid angering members by giving even the appearance of impropriety in the election process. That has not been the case. Indeed, abuse of the publications has continued nearly unabated in the very edition that contains NRA's apology for the contemptuous notice. (see attached)

The EVP, the Secretary and the Executive Director of ILA are all paid employees of the NRA. And NRA President Hammer is effectively a paid employee, since her salary has long been indirectly made possible by a grant from ILA (this despite NRA Bylaws, which mandate that the Presidency is to be a non-paid position occupied by a Director). Further, in direct violation of NRA bylaws requiring disclosure of conflicts of interest by NRA officials at the annual members meeting, NRA President Hammer has for 15 years failed to disclose her major financial conflict of interest to the membership.

Employees are the most valued assets of an organization. In this case, tens of millions of dollars of membership monies are invested, year in and year out, on PR and image building, particularly on the EVP, the President, and the Director of ILA. These expenditures ensure that their names, titles and likenesses are well known to members. While First Vice President Heston is technically not a paid Officer, NRA has evidently been paying its PR firm, run by Mr. Heston's political consultant, as much as \$25,000 per month to manage and provide access to Mr. Heston ever since he became an NRA spokesman a decade ago. This arrangement may constitute an in-kind benefit to Mr. Heston, subsidizing the firm's services to him.

It is also our understanding that under New York Not-for-Profit Law, Directors must be volunteers and cannot receive payments or emoluments from the Association. This tenet is also mandated in NRA's Bylaws. But it is common knowledge among Directors that a number of them are either directly or indirectly through organizations they control getting payments from NRA or affiliates. There are incestuous, vested interests at work. *How can Directors exercise their fiduciary duties, including oversight and control over management, when the same Directors are effectively employed by management and must toe management's line to keep their deals?*

Aside from legal issues, *undue influence in the election process enables the Officers to select, elect, and control their own employers and overseers – the Board of Directors.* This not only flies in the face of fair and democratic elections but also has a chilling effect on the core functions of a corporate Board, preventing fulfillment of basic fiduciary responsibilities and corporate accountability. Under the Bylaws, the Board effectively re-hires NRA Officers by election every year. Thus, the Officers are using the members' assets to select, elect, and *manage* those who will in turn re-hire them, approve their spending plans and salaries, judge their performance, etc. The crucial ability of the Board to hold management accountable is weak or nonexistent because management controls the Board. In other words, **NRA is out of control because management effectively hires itself.**

### III

The lack of accountability has led to the incredible arrogance that this Court recently experienced. But unlike NRA members, the Court has had only a small taste of this arrogance. Bylaw violations, abuse of member assets and resources, and vicious attacks on members are pervasive. NRA policies and bylaws are selectively enforced and interpreted against ordinary members and dissident Directors and groups, relying on questionable opinions by NRA Board Counsel Shulman. Basic standards of conduct and even common decency are routinely ignored. Here are a few examples:

- Several months ago, a dissident Director received a harassing letter from the NRA Secretary Land demanding that he cease use of the NRA name and logo on his web site, despite the fact that he had previously been given permission. Meanwhile, to our knowledge, web sites and groups allied with NRA leadership, such as the "Committee for a Strong and Effective NRA" which ran the pro-leadership ads mentioned above, have received no such harassment for their use of NRA's name and logo. In fact, through their control of the magazines, NRA Officers *approved* the use of NRA's name in these ads which also contained *the Officers' own voting recommendations*. This selective enforcement and abuse of NRA's proprietary logo rights in an election cycle is disturbing.
- At the February 1998 Board meeting, a Director pointed out that a vote was improper under Roberts' Rules under which, according to the bylaws, NRA Board meetings are conducted. President Hammer ultimately acknowledged that the vote was improper but refused to correct it. When the Director persisted, President Hammer simply had his microphone switched off.



- Until 1997, as clearly mandated by the Bylaws, NRA's 76<sup>th</sup> Director had been elected by the voting members present at the Annual Meeting, from among those candidates who had been *nominated by committee or petition, had run in the mail ballot election*, but had not been elected. Per the bylaws, never before had write-in candidates from the mail ballot election been allowed to run as 'nominated' candidates for the 76<sup>th</sup> seat, though any life member can be *written-in* or even run a write-in *campaign* for that seat. Charlton Heston had not qualified for nomination as either a Nominating Committee candidate or a petition candidate, and thus had not run in the mail ballot election. But he *had* received *one* write-in vote. At the May 1997 Annual Members' Meeting, NRA leadership – supported by counsel – allowed Mr. Heston to run for the 76<sup>th</sup> seat as though he were a nominated candidate, contrary to the Bylaws. From that improperly gained position he was able to run for 1<sup>st</sup> Vice President the next day. NRA counsel's questionable opinion casts doubt on the legitimacy of Mr. Heston's current Board and Officer position. And even if counsel was correct, then all past write-in candidates were improperly denied consideration. (Note: When angry members wrote in names like "Donald Duck," the leadership excluded these write-ins from the newly expanded interpretation. Perhaps on grounds of non-membership?)
- NRA's bylaws unambiguously state that the Board of Directors sets the dues for all membership categories. At the end of 1996, NRA leadership faced another large operating loss. So without Board approval, they reset the dues and held a fire sale of Life, Endowment, Patron, and Benefactor memberships, incurring massive unfunded liabilities to raise short-term cash to cover the impending loss.
- On February 24<sup>th</sup>, a notice was posted on the NRA's official internet web site telling members how they can obtain a copy of the Nominating Committee Report from the NRA.
- Plaintiffs and many voting members *across the country* have received a letter (provided by Counsel) featuring the Nominating Committee Report. It was sent by NRA Director Sue King, who is ironically Chair of the NRA's Ethics Committee as well as Treasurer of the *Committee for a Strong and Effective NRA*. Evidently Ms. King believes that she is bound neither by what appears to us to be the intent of the Court on this matter, nor the spirit of *Fitzgerald v. NRA*, which points out "the fiduciary duty of corporate directors to insure fair and open elections." This brings into question the purported "confidentiality" of the voter lists. We know that, theoretically, NRA Directors can obtain partial lists of NRA members by signing a confidentiality agreement to only use it for local grassroots development and fundraising. But using any such list for Board and Officer election purposes would be, at the minimum, against Board policy. Moreover, such lists are obtained only with great difficulty and, to our knowledge, national lists have never been given out in the past except to NRA's direct mail vendors. Who is providing Ms. King with her lists, and at whose expense?
- Recently, eight proposed NRA Charter Amendments (none friendly to management) were duly qualified for a vote at the upcoming Annual Meeting. These include amendments requiring term limits, a 2/3 reduction in the size of the Board, and full Director and Officer disclosure of conflicts of interest. At the February 1998 Board meeting, backed by counsel but nonetheless in clear violation of the Bylaws, NRA leadership announced that they would not allow the charter amendments to be considered at the Annual Meeting. However, in the specter of the contempt

proceedings in this Court, they backed off that position, stating that different counsel had given them a second opinion. We believe this accounts for retraction in this month's publications, offered only to avoid or minimize court action. As noted above, the other *Fitzgerald* abuses have continued nearly unabated in that same publication.

- Dissident Directors and others, including a recent Finance Committee Chairperson, discovered that the NRA leadership and specifically the Executive Vice President spent huge amounts of money without procuring the bylaw-required signatures of other officers. Other substantial sums were spent without any paperwork whatsoever.

In light of this *culture* of contempt, the notion cultivated by NRA leadership that their contemptuous act was an innocent mistake is highly suspect, as is the argument that NRA's printing process cannot accept a blank page. "This page intentionally left blank" is the traditional solution. Better still for NRA's finances would have been to offer the page as commercial ad space, perhaps at a reduced rate due to the short time frame. Please note, however, that contrary to their contention that that blank pages are not feasible, the page following the retraction was in fact blank.

### Conclusion

It came as no surprise that NRA was held in contempt for violating the Court's Order, for we believe NRA's leadership has been corrupted by its own power and influence. The arrogance leading to this is typical of NRA leaders, and symptomatic of their successful suppression of prudent corporate accountability. No management would illegally use corporate assets to publicly attack sitting Board Members, suppress opposition views and flagrantly violate laws and bylaws without confidence in its control of the Board, which can only be secured by manipulating the election process, corrupting Directors, or both. The magnitude of violations and orchestration required are consistent with a pattern of collusion to influence the election for personal advantage. Corporate assets, both tangible and intangible, have been improperly used by those involved. Should the Court make further determinations that its orders were violated or other laws broken, those involved should be sanctioned to the fullest extent of the law, as they do not seem to understand, respond to, or respect anything else. At the minimum, their actions have injured the NRA and many of its members, specifically the plaintiffs, whose reputations were damaged. The remedies we seek are simply justice and accountability.

Because the leadership blackballed us as troublemakers in the ballot issue (for simply holding the leadership accountable to one member Bylaw of the many they have broken), none of us expect to be elected. *We have been damaged and the bell cannot be unrung.*

The notice published in the latest NRA magazines was a wholly inadequate gesture designed and offered to appease the Court, stave off contempt, and avoid setting aside the election. Not only does it fail to cure the maladies of the prior contemptuous notice, it highlights them. *Most importantly, the vast majority of NRA's voters cast their ballot upon receiving the election edition of the magazine, which contains the ballots, and in this case, also contained the contemptuous notice. The apology was printed two months later, technically still an election edition, but far too late to reverse the effect. Since the vast majority of ballots had already been cast before the retraction was*

printed, the damage to our candidacies was in no way compensated. It is not surprising that the NRA leadership cooperated in printing the retraction, since they knew it was too late to remedy the effects. It cost little and gained much. The blackball was a fait accompli, and the retraction, in the larger scheme, was a tactical 'concession' that staved off nullification. With respect to the leadership's primary goal of maintaining control, if the election is not nullified they will have 'gotten away with it' and the members - not the leadership - will have paid for it.

Nullification would certainly move things in a more equitable direction. But in and of itself, it would not create sufficient conditions for a fair election, nor remedy the damage to our candidacies. If further election-related misuse of corporate assets is not prevented (4-page 'advertorials', cover photos, member list abuse, improper endorsements with NRA logo and titles, selective interpretation and enforcement of policies, etc.), and if nothing is done to *compensate* for the damage to our candidacies, leadership will have gotten away with blackballing us and we will have no equitable chance of overcoming the effect of their actions. Moreover, they will have suppressed the membership and future petition candidates from raising questions and opinions in debate about the policies and performance of Officers and Directors of the National Rifle Association.

We are not opposed to Mr. Heston or any member exercising their right to run for NRA office. It is the manner in which Mr. Heston and others in or allied with leadership have obtained or retained their offices that we find not only disturbing but frustrating, as we do not have the financial resources to match their power and influence. The leadership's improper election influence does not need to achieve 100% success. All they need is a majority of the Board seats to maintain their status quo. Control of mailing lists, publications, image-building expenditures, vendors, and NRA's various campaign management resources provide an advantage worth millions of dollars a year. When these resources are improperly brought into play, NRA membership can't even get to the playing field, let alone level it.

Nullification eventually followed by a new election monitored to ensure fairness and compliance with the spirit of the *Fitzgerald* decision prejudices neither the membership, nor petition candidates such as ourselves who constitute the broad majority of candidates. In fact it is in their interest. Membership has a right to a fair election, and the campaigns of *all* petition candidates - not just ours - have been harmed by NRA leadership's abuse of corporate assets. The remaining (Nominating Committee) candidates *benefited* from that abuse, though most of them probably did not participate in it. In that sense, nullification followed by a fair election is contrary to a narrow definition of their best interest, but *they can hardly claim that their rights are prejudiced by a fair election.*

The estimate of financial loss that NRA claims would result from election nullification is incorrect. Nullification simply means the present Board would remain in office another year. But even if their estimate were correct, all of the improper acts that tainted the election were committed by the Defendants, and they would have no one to blame but themselves.

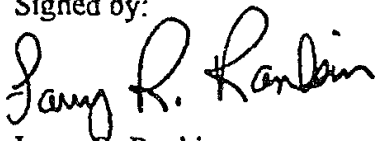
Moreover, *NRA is largely in the business of winning elections* on the local, state, and national level. The resultant expertise and resources can be redirected inward to manipulate *internal* elections. *That NRA leadership's arrogant willingness to 'play dirty' here might in any way represent or affect their conduct in public elections is disturbing to us as NRA members who see the risk of great*

*harm to NRA's reputation and effectiveness should it remain unchecked. Equally important, it points to a greater social interest in holding NRA's internal elections to a high standard of fairness.*

As NRA leadership has gotten used to 'getting away with it', their scofflaw arrogance has fed on itself. They have displayed *mounting* contempt not only for bylaws, corporate policies, business prudence, fiduciary duties, and not-for-profit law, but also for commonly accepted standards of conduct such as honesty and decency. It is our hope the Court will take this opportunity to begin to put a stop to this.

In closing we wish to thank the Court for hearing our grievances.

Signed by:



Larry R. Rankin

On Behalf of the Plaintiffs:

Jerry L. Allen, William Dominguez, , Howard Fezell, John Guest, Jeff Knox, John C. Krull, John H. Trentes, Larry R. Rankin, Frank H. Sawberger, Kim Stolfer.

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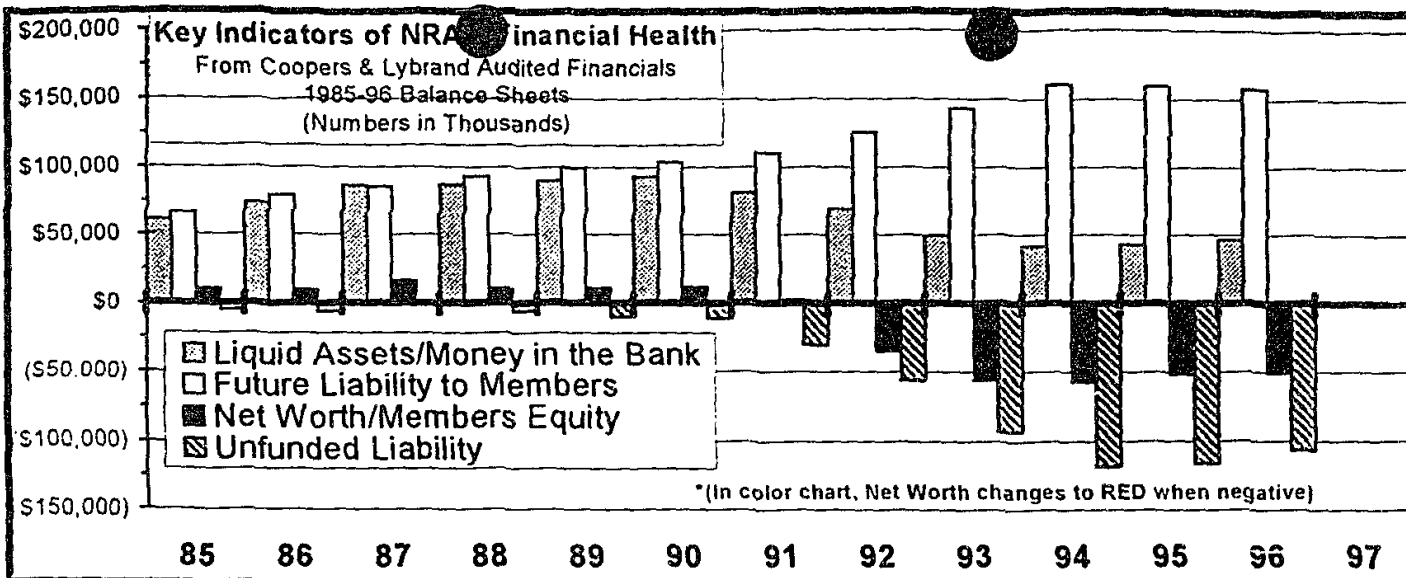
## ATTACHMENTS

1) NRA's Financial Health 1985-1997: Bar chart with tables of exact figures taken directly from NRA's Audited Financial Statements which are available to the public.

2) NRA Finance Committee Meeting Report: Mailed to each Board Member and again distributed and presented to the Board of Directors at the first Board Meeting of 1997; after which the Chair resigned when only a minority of the Board attempted to take action, resulting in the Board taking no action of accountability. It is common knowledge that during this meeting of the NRA Finance Committee a straw vote was held which was a unanimous no-confidence vote of NRA's Management. President Hammar abstained from voting and at the close of the meeting declared the meeting a null and void. Later President Hammar supported her declaration with a "legal opinion" from NRA Council Mr. Shulman.

3) One of several NRA Operations Audit Reports: on *NRA Monies spent by NRA Management* against NRA's Bylaws & Board Policy. This report was sent by mail to all NRA Directors and distributed again and presented verbally to a full meeting of the NRA Board of Directors. Only a minority of the Board attempted to take action resulting in no action of accountability being taken by the NRA Board of Directors.

4) Fitzgerald vs. NRA Decision.



Year	Prepaid Dues: (Deferred Inc.) future liability to members	* Columns not cumulative		
		Liquid Assets	Unfunded Liabilities	NRA's Net Worth*
85	(\$65,633,000)	\$60,916,000	(\$4,717,000)	\$10,450,000
86	(\$79,292,000)	\$73,093,000	(\$6,199,000)	\$9,164,000
87	(\$85,468,000)	\$86,023,000	(\$555,000)	\$16,350,000
88	(\$92,791,000)	\$86,599,000	(\$6,192,000)	\$10,573,000
89	(\$99,712,000)	\$89,703,000	(\$10,009,000)	\$10,972,000
90	(\$103,680,000)	\$92,807,000	(\$10,873,000)	\$12,144,000
91	(\$110,490,000)	\$80,594,000	(\$29,896,000)	\$2,770,000
92	(\$125,487,000)	\$69,360,000	(\$56,127,000)	(\$34,472,000)
93	(\$142,807,000)	\$49,818,000	(\$92,989,000)	(\$56,245,000)
94	(\$160,211,000)	\$41,724,000	(\$118,487,000)	(\$57,426,000)
95	(\$159,352,000)	\$42,918,000	(\$116,434,000)	(\$51,515,000)
96	(\$157,516,000)	\$50,900,000	(\$106,616,000)	(\$46,505,000)

The chart above is a graphical presentation of the figures to the left, from NRA audited financial statements. Prior to '91, liquid assets (largely cash prepaid dues) roughly tracked deferred liability (future years of operations members paid for in advance). 100% of NRA members serviced 100% of operating cost, as prepaid dues were held in the bank to fund/pay the future cost of 'servicing' members. But then cash (liquid

**NRA's '91-'96  
Net Gain/Loss\***  
 (\$9,561,000)  
 (\$37,421,000)  
 (\$32,946,000)  
 (\$1,472,000)  
 \$3,218,000? note  
 Positive?? note  
 (\$78,173,000)

assets) was drawn down to cover losses, resulting in massive unfunded liabilities. Now, effectively half the members' dues pay all the annual operating costs. That's why NRA continually pounds members for money.

**Total**

**Notes:** In a given year, future liability to members (deferred inc.) is the balance of dues remaining for the membership period each member paid for. E.g., In '93 a 5-yr member pays \$125, amortized (used up) at \$25/yr. In '95, NRA owes the member 3 more years, or \$75 worth of services... What appears to be a positive trend in '95-96 financials (net worth & net income) is not due to fundamental operational improvement, but mainly to **LUCK**: Most of NRA's liquid assets (largely prepaid cash dues) are invested in stocks & bonds. From 94-96 it might appear that liquid assets grew by \$10 million from dues & cash gains on operations (cash receipts less cost), reducing the deficit. Not so: Increases (decreases in the deficit) were mainly due to good stock market performance, raising the 'unrealized gain' and overall value of our portfolio. All the more fortunate given that NRA's no-bid investment arrangement has massively underperformed the markets due in part to high expense & turnover. These are 'paper gains', not 'cash gains', and they can be lost far quicker than they were made\* if the stock market drops... As for '96, going into the 4<sup>th</sup> qtr. NRA had a loss of (\$7million). To cover the loss and come out "positive" for the year, NRA officers violated the bylaws and held a fire sale on life memberships: A liquidation yielding short term income with long term effects. At best these discounted dues should've been reserved to cover (fund) the full, undiscounted cost of servicing new members for life. Sadly, the cash was spent before it came in the door... As to claims that losses were actually "investments" into NRA: If so, then the liquid assets would've become hard assets, thus financially sound - they didn't... As for management performance, the Board was given a report exposing how \$300 million was spent against bylaws & board policy. The Board did nothing. It's doubtful the money was well spent, as there were **no written contracts** to serve as benchmarks to judge vendor performance. But NRA leaders say it's OK and the Board rubber-stamps. Then again a majority of Directors defeated a bylaw requiring them to disclose to membership **their own financial deals with NRA**. Note ("?" above): Positive due to the lucky circumstances of rising markets and a liberal (some would say questionable) accounting rule change that let NRA count unrealized (paper) gains from marketable securities as profits. From a core operations/cash position NRA was again in the red in '96 and, as usual, pulled cash out of the bank to cover the shortfall. Note ("??" above): Positive due to unlawful fire sale of life, endowment, patron, & benefactor memberships. Further mortgaged NRA's future; incurring unfunded, long-term liabilities while forever lowering the value of special membership categories which until then had represented a known, high level of donation.

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**NATIONAL RIFLE ASSOCIATION OF AMERICA  
SPECIAL REPORT  
&  
FINANCE COMMITTEE MEETING MINUTES**

**DALLAS, TEXAS**

**DECEMBER 7, 1996**

**Introduction**

**From the Chair:** Traditionally, the Finance Committee meets annually in December of each year as part of the budget process to review the proposed budget prepared by staff. Generally, the Committee reviews and accepts the budget prepared by staff, or more often than not sends the budget back to staff with recommended adjustments in their budget projections for the coming year; before the Committee will accept or recommend the annual budget to the Board of Directors for their approval at the first board meeting of the coming year.

For the record, as Chair, I was not intending to hold the traditional December Finance Committee meeting for several reasons: 1) The staff did not have a budget proposal completed to present to the Committee for a December meeting. 2) In November, just after the third quarter results were posted, Woody traveled to Santa Barbara to discuss my concerns on the third quarter results, the status of the budget and the information we wanted to see in relation to it. We spent 3 days on these matters. Donna Bianchi, had called me expressing her concerns and came up from San Diego to join these discussions with Woody. Therefore, the Chair & Vice Chair had discussed with the CFO our concerns regarding the 3rd Qtr results and the proposed 1997 budget. 3) Aside from the Holidays, I had critical business commitments scheduled that tied me up from December through mid January.

As of early November, only the Finance Committee had been sent the 3rd Qtr financials. About the time Woody, Donna and I were meeting in Santa Barbara, I began receiving calls from other Committee members who were concerned about the recent financials. They were of the opinion that although the staff had not completed its budget proposal, the Committee should meet to establish financial policies, as it had been authorized and directed to do by the Board under *Finance Committee Resolution #14* passed by the Board of Directors in September (pg. 19, Minutes of the September Board Meeting), and further, that the development of financial policy by the Committee would most likely have an impact on any proposed budget by the staff. Of course they were right on those points -- and I was then leaning to a late January meeting.

I also received a call from First Vice President Knox, who is also a member of the Finance Committee requesting a December meeting of the finance committee and suggest I hold it in Texas as this location was convenient for most of the Committee members and he would be in the state at the time. While I made no commitments to Neal at that time, I told him I was

considering a late January meeting due to my own pressing business commitments. Neal's concern on that point was that a late January meeting would not allow staff the turnaround time necessary to make adjustments and/or incorporate any financial policies established by the Committee before the February Board meeting, which by then would only be a few weeks away. The way it was left with Neal was that he asked me to give consideration to his request and I told him I would.

On November 21, 1996 I received a Fax from Second Vice President Ross (attached); a copy of a Fax that he had sent to the President that same day stating his financial concerns, and requesting that the Finance Committee be reconvened after the Thanksgiving Holidays, and further suggested Dallas as a convenient location for Committee members. Albert also suggested the Board be invited to attend at their own expense. Later that same day, I called the Committee's Secretary (Woody Phillips) and informed him of the calls I'd been receiving from Committee members requesting a finance committee meeting in December, including the Fax from Second Vice President Ross to the President, and the call from First Vice President Knox. I confirmed with Woody that I intended to convene the Committee from recess in December. Due to conflicts, Joe Olson, I and others had with a late December date, I asked him to immediately notify all Committee Members, the officers and the EVP to see if a December 7 date worked. I also advised Woody, considering the budget figures were not yet available and the Committee was primarily going to review financial results and financial policy, to keep the cost down — as we didn't need an army down there; from staff only the EVP, himself as CFO, Beth and Jim from his staff were required to attend. Per Albert's Fax I also requested that he inform all Directors that they were invited to attend and further directed that he distribute the 3rd Qtr Financials to all Directors. The next day on November 22, 1996, I followed up with Woody in a Fax (attached).

**Footnote: Resolution #14**

**"RESOLVED, (a) The Finance Committee is authorized to establish the financial policies of the Association provided that only those members of the Finance Committee who are members of the Board of Directors shall be eligible to vote on such policies. These policies shall be reported to the Board of Directors at the next regular meeting for discussion and/or ratification by the Board. Until the Board takes action, the financial policies established by the Finance Committee from time to time are in effect;"**



## MINUTES

The Finance Committee convened from recess at 9:00 AM on December 7, 1996 Hyatt West Hotel, Dallas Fort Worth Airport.

### Meeting Attendance

**Committee Members Present:** Richard L. Carone (Chairman), Donna Bianchi (Vice Chairman), David E. Bennett, Robert K. Corbin, Fritz R. Dixon (by telephone), Robert E. Hodgdon, Sue King, Neal Knox, Joseph E. Olson. Francis Winters was out of the country and excused. Note: Francis is the only non Board Member on the Committee and as such could not have voted on any financial policies passed by the Committee per Board Resolution 14.

**Other NRA Directors Present:** Barbara Phillips, Philip Journey, W. M. "Bill" Pace, Ronin Colman, and Michael Kindberg.

**Officers:** NRA President Marion Hammer, NRA First Vice President Neal Knox, NRA Second Vice President Albert Ross.

**Staff Officers Present:** The following staff officers attended the non-executive session of the meeting: Wayne LaPierre, Executive Vice President, Wilson Phillips CFO/Treasurer; Edward J. Land, Secretary; Craig Sandler, Executive Director-General Operations; Tanya Metaksa, Executive Director-ILA.

**Other Staff Present:** Jim Duff, Managing Director-Finance; Beth Cunnigan, Director-Financial Services; Mary Rose Jennison, ILA Fiscal Officer and Stephanie Gothard, Administrative Assistant.

Wilson H. Phillips Jr. served as Secretary to the Committee. Minutes were compiled from notes of the Chair (R.L. Carone) & Vice Chair (D. Bianchi), Vice President A. Ross, J. Olson, M. Kindberg, W. Pace and others who provided notes or who's motions were passed by the Committee, and those of the Committee's Secretary.

### Matters Discussed By The Committee

## Review of 1996 Financials/Operations

The first issue the Committee reviewed was the results of operations for the nine months ending September 30, 1996 and for the eleven months ending November 30, 1996. It was noted that the cash flow for the periods had moved from a negative (\$1.7 million) during the first nine months of the year to a positive \$4.4 million during the last eleven months period, and concurrently that the accrual based losses before unrealized gains had moved from a (\$7.5 million) operating loss during the nine month period to a (\$3.9 million) operating loss for the eleven months ending November 30, 1996. After unrealized gains from our portfolio investments in the stock market, the November 30, 1996 Income Statement showed a loss of (\$1.8 million) Vs. a (\$7.1 million) loss incurred in the first nine months (September 30, 1996); the unrealized gains from our security investments in the stock market was only \$396,000 on the September financials, yet the eleven month financials show unrealized gains from our investments in the market at \$2.2 million for the year to date (11/30/96).

It was noted by the Committee, their continuing serious concern, that the major factors in improving the Financial results were not fundamentally obtained by operations, but by fortuitous unrealized gains from the stock market which could just as easily become losses and by funds derived from, and almost exclusively driven by, a fourth quarter (one time) fire sale of upgrades in membership class (to Endowment, Patron, and Benefactor) by offering significant discounts for those memberships (125th anniversary discount promotion). The Committee noted that these funds would be expended to cover losses or costs already incurred through the third quarter, thus cash from this membership promotion was not going to remain in the reserve portfolio's (assets) to offset the liabilities and significant deficit the NRA has incurred on its financials (balance sheet).

It was noted by the staff that improvements in cost containment are continuing, as evidenced by the financial fact that every (cost) area of NRA operations (except one) was under the Board Approved budget. The exception was the EVP directed public relations expenditures, which were significantly over budget (\$2,022,900) through the third quarter. The Committee noted that our problem is not that staff is remaining under budget with respect to Board Approved budgeted cost items or that cost containment is not continuing or contributing toward improvements to the bottom line. The problem is that these efforts at cost containment are not keeping pace with falling net revenues resulting from declining membership and member contributions which in turn produces quarterly losses on budgeted costs incurred, requiring fund raising miracles in an attempt to balance the income statement.

As the Chair and other committee members pointed out in this meeting, as well as in previous finance committee meetings; the fundamental problem is simply that the management has failed to match, cut or adjust operations so that actuals in the cost structure are in line with actual revenues as they accrue throughout the calendar year. Each year the Finance Committee and the Board expects NRA's management to take corrective action throughout the year so that at the end of the year the Board Approved Budget Projections balance with the Actuals Incurred with

respect to the bottom line. As Joe Olson pointed out, no contingencies are provided by management. The fact that NRA's management has historically been unable to balance the income statement was graphically presented to the Committee by the CFO/Treasurer in a 10 year chart of NRA's revenues, expenses and net income. This chart, with accompanying figures showed that in the last six years NRA has incurred operating losses in the range of (\$70,000,000). The cash drain due to losses and capital expenditures is at least (\$85,000,000).

It's also important to recognize the Board bears responsibility here as well; at the January/February Board Meeting for each of the years 1991, 92 & 93, the Board approved budgets for those respective years, providing for deficit spending or losses totaling (\$53,000,000). However, NRA management greatly exceeded those approved losses. As shown, these losses were covered by liquidating NRA's assets while at the same time incurring debt, to the point that NRA's net worth (assets minus liabilities) shows a deficit in excess of (\$50,000,000). For as long as any of the present Committee Members have been on the Finance Committee, the Committee has continued to express its serious concern with this deeply disturbing trend. The financials provided to the Committee dated November 30, 1996, show a (Net Worth/Members Equity) Net Assets deficit of (\$53,272,000); the NRA has been technically insolvent for several years, while at the same time the Association has incurred substantial debt, continual operating losses concurrent with significant capital spending outlays, and (since mid 1995) a fall in revenues due to declining membership and contributions from members. The unprecedented rate of the liquidation of the Association's assets over the last five years, used to meet current obligations while future liabilities were increasing; leaves the Association without a cash cushion and few options.

Therefore, while the Chair commended the EVP for pulling off another fund raising miracle, it was also recognized, that while this latest promotion significantly helped close the gap on losses for the year (1996) it did not change the fundamental character of the Association's serious financial troubles, in fact it highlighted our problems. Specifically, as the Committee discussed, the Association's insatiable need to produce fund raising miracles, just to cover operating costs that would otherwise result in even higher operating losses as well as the fact that fund raising promotions such as the certified mail program (recently condemned by the Board) and the membership discount program (including this latest upgrade fire sale) are not treated as discretionary income to the Association because they are required to fund expenses in the overall cost structure and cover losses, not to reduce the significant long term liabilities & debt the Association has incurred.

Promotions such as the recent membership class upgrade fire sale are, in effect, a continuation of the asset liquidation mode the Association has been engaged in over the last several years. It is nothing more than a sell off of a soft asset (recognizing that our members and their good will are the crown jewels of the Association). Further, as the Committee noted, this fire sale of memberships categories, dilutes the value of these memberships as a whole, particularly to those who have already paid the full price or to those who otherwise would have paid the full

value price of these memberships in the future. As VP Ross pointed out during the discussion of this issue; in that membership upgrade to "Endowment" implies that we are endowing a category of membership, all of these moneys should be placed into a Board restricted portfolio asset.

Unfortunately, the truth is that management has already spent most of those funds received (as of the December Finance Committee meeting) in an effort to offset losses on the income statement. These funds were not used to address the significant deficit the Association has incurred on its Balance Sheet (which would address the long term financial problems of the Association).

At the close of the presentation and discussion on the 3<sup>rd</sup> Qtr. financials, the Chair asked the CFO what he expected the impact of the discount on membership upgrades would be on year end figures. It was noted that the CFO believed that on a cash basis we would be positive; with respect to the financials on an accrual basis, the Income Statement would probably be negative on revenues over expenses. However, he did not expect it to be more than a \$2-3 million deficiency. After unrealized gains from NRA's investments in securities (the portfolio), he expected that should a loss be incurred he did not feel that loss to be more than what was shown the Committee in the November 30, 1996 Income Statement (\$1.8 million) as he expected that loss to diminish due to the response to the (one time) membership class upgrade promotion and unrealized gains in the market. No significant changes are expected in the Balance Sheet deficit.

**Agenda Items:** After reviewing the financial results, the Chair requested submission of agenda items the Committee wished to discuss for the continued development of financial policy. The Chair informed the Committee that any areas the Committee wished to cover, would be discussed first, and that any specific resolutions addressing financial policy would be noted during the discussion, then taken up, finalized and voted on after all financial issues were discussed. The following is a list of discussion items taken from the Committee in the order received by the Chair:

1. Financial information required by the Committee. (Chair)
2. Fritz Dixon's letter to the Finance Committee. (F. Dixon)
3. Budget policies such as contingency funds. (J. Olson)
4. Officer sign off on contracts and other agreements. (A. Ross)
5. Policies to build endowments. (A. Ross)
6. Updating lifetime value analysis. (Bennett)
7. Building actuarial commitments for Life Member trust fund concept. (W. Phillips)
8. Public Relations being significantly over budget. (Chair)
9. Finance Committee following Board Policies & Procedures, (Hammer)

### **Agenda Issues Discussed**

Financial Information required by the Committee; to review the 1996 proposed budget as well as quarterly financial performance and future budgets.

1. A projected three year budget or financial plan as opposed to only a 12 month budget projection.
2. Accounts payable ledger by vendor, with aging.
3. Ten year historical financial statements.
4. Graph/Chart of key line items (revenue, expenses, net income, number of employees, payroll and benefits etc.) over 10-15 years. as presented to the Finance Committee by the CFO in this meeting.
5. A summary of membership activity assumptions included in future deferred income, with amortization schedule.
6. Footnotes to the financials; indicating pertinent reasons for a deviation in actuals against budgeted projections; assumptions and strategies in budget projections.
7. A capital budget.
8. Monthly Cash Flow Statement (receipts minus disbursements), free cash flow line before debt service (itemizing interest & principal for the credit line & mortgage), then deposits & withdrawals from the portfolio
9. A statement showing the financials of the NRA and each of the related 501 (c)(3's) & combined total.
10. A schedule showing the various stages of budget development.
11. A 4-quarter rolling budget review; in a format to be reviewed by the Chair of Finance.
12. A lifetime value calculation with assumptions.
13. A summary of payroll, including temps and consultants who perform as employees.
14. More detail on General Operations activities.
15. Separate tracking of Board mandated expenditures with year to date and policy to date totals.
16. Personnel Report information; including historical to date figures on total number of employees, benefits (including pension plan, vacation & holiday policy), burden and any other cost.
17. Standard Income Statement (revenues above, expenses below) as well as the net revenue type income statement used to analyze operational activities.

Other Agenda items discussed in open session:

1. The need for management to build contingencies in to the budget for anomalies.
2. The need for further financial policies with respect contract administration or contract "protocol" requiring a business case analysis, legal review, and officer sign-off prior to any contract becoming operational. Places for all appropriate officers to sign. Files maintained to confirm proper adherence to this procedure.
3. With respect to policies for building endowments (which is critical for insuring the long term financial health of any institution) discussions centered around the need to segment of a portion of the portfolio into a Board restricted account (so as to prevent it from being used as a working capital line).
4. As regards to the PR costs being over budget, there was a general agreement that in our financial condition the NRA could no longer afford to spend large sums of money on Public

Relations (through Nov. 30, 1996, \$6.5 million was spent on an approved budget of \$4.5 million) nor can it afford to continue allow the EVP to fail to follow the simplest of business procedures - having written agreements with venders.

Financial issues ancillary to the Agenda that were discussed:

1. The need to pay down debt on the mortgage.
2. Re-affirmed that Officers had "veto" power over all agreements of \$100,000 or more and the President acting alone could veto any contract deemed unwise or unacceptable as to terms.
3. Neal Knox as Chair of Membership requested a \$3,000 budget for a Membership sub-committee to study the reasons for the decline in membership.
4. The need for a job description for a broadened role of the Managing Director of Membership.

As manager of the Operations Audit I approved \$3,000 of the \$200,000 1996 annual Management Studies budget be spent for this purpose and noted for the Committee the Operations Audit was significantly under budget (through Nov. 30, 1996, only \$27,100 of the budget had been spent).

#### Modified Executive Session

After several of the above agenda items were discussed the Chair requested the Committee move into Executive Session, to discuss the remaining agenda items, including Fritz Dixon's letter to the Committee. The Chair dismissed all staff with the exception of the EVP & CFO, whom the Chair asked either to remain in their rooms or to leave word in their rooms where they could be reached in the Hotel; as it was Chair's intent to bring them back during the executive session in the event we needed any questions answered, or at the end of the meeting to notify them of the results of the secession and the financial policies the Committee had established.

Marion Hammer & Sue King objected to going into executive session. Hammer's position was that we need the staff's "help" in establishing financial policy. The Chair's position was that, such "help" hadn't worked well in the past and that the Committee did not need or want to be lobbied by staff, that if we needed to talk to them for any reason, there were only two persons required (the EVP & CFO) and they were available in their rooms. More important, the Committee intended to discuss the performance and salaries of NRA's management and it was not appropriate for the staff to be present for those discussions. The Chair's view prevailed.

Sue King's concern was that if we went into executive session, the matters could not be discussed with other Board Members. Neal Knox pointed out that he did not believe that executive session precluded a Board Member in executive session from discussing it with other Directors, so long as they understood that the matter was discussed in executive session. The Chair agreed and a resolution was offered to that effect, calling the session a "Modified Executive Session". This motion allowed Board Members present to discuss the matters raised in executive session with any other Director, provided that Director or Directors understood the matter was discussed in an

executive session of the Finance Committee. The resolution passed unanimously; Hammer abstained from voting, stating she was an ex officio member of the Committee.

After several hours the Committee arose from executive session and passed the Following motions (each passed unanimously -- with Hammer as a voting ex officio member, abstaining). These motions were made by the Committee under the authority granted it by the Board of Directors under Resolution 14 of the September 1996 Board of Directors meeting, and are financial policy until directed otherwise by the Board of Directors:

**Resolution 1 Moved,** the Executive Vice President is directed to prepare two budgets for 1997. The first with total expenses limited to 80% and the second limited to 90% of the actual 1996 net revenues.

**Resolution 2 Moved,** the Treasurer is directed to liquidate, by close of business on December 12, 1996, the equities in the portfolio and invest the proceeds in liquid instruments acceptable to the First Union Bank.

**Resolution 3 Moved,** the Treasurer is directed to investigate options for re-negotiating the mortgage, so as to eliminate covenants and increase or incorporate a \$10,000,000 revolving line of credit. The Treasurer is further directed to report his findings to the Finance Committee by its January 1997 session.

**Resolution 4 Moved,** the Finance Committee recommends to the Compensation Committee that it implement a performance based compensation system as follows: for FY 1997, salaried officer's salaries shall be payable at 90% in 12 monthly installments, 10% in December if the Board-approved budget goals are met, and up to an additional 5%, at the discretion of the Compensation Committee if the Board-approved budget goals are exceeded.

**Resolution 5 Moved,** the Executive Vice President is directed to begin an executive search for a new Managing Director of Membership. The Executive Vice President is further directed to terminate the current Managing Director of the Membership Division and relieve the Association Secretary of his oversight role as soon as practicable.

**Resolution 6 Moved,** the Finance Committee authorizes a committee of the President and Vice President(s) to appoint an internal Comptroller who shall operate solely under the direction of the Board.

**Resolution 7 Moved,** henceforth, all contracts are required to have a business case analysis performed, and no contracts shall begin before the required sign-off approval as is required by Board policy.

The Committee recessed.

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**Notification by President Hammer, that the Finance Committee Meeting was "illegal."**

**From the Chair:** At the close of the meeting, the President declared the meeting "illegal," stating that the Finance Committee meeting had not recessed but had adjourned after the September Board Meeting. She further stated that the policies just enacted by the Finance Committee were not binding and the motions passed by the Finance Committee were merely of an advisory nature, not binding.

My initial response to Marion was that the Finance Committee did, in point of fact, recess in September and that it did so in anticipation of Board's passage of Resolution #14, in which the Board gave the Finance Committee the authority to set Financial Policies on behalf of the Board between Board Meetings. I informed her that the actions of the Committee were indeed binding, and further, it was my intention in recessing to send a message to the staff that this Committee was going to be in their face until our financial mess was straightened out.

The other officers present stated that the President's point was moot as all officers required to call a new meeting were in attendance; this did not satisfy Marion. So, with the Committee present, I told President Hammer that, if she thought I was abusing the authority of my position as Chair of Finance, she should fire me as that what's we're talking about here -- when people abuse their authority or don't perform or you're not pleased with their performance--you fire them. President Hammer's response was, "I would if I could, but I can't." The President was corrected on this point and I offered to step out of the room and assured the Committee that I was confident Donna would make a fine Chair of Finance. The President declined to pursue this. However, the President did state she had an "opinion" from counsel, a copy of which I received (dated December 16<sup>th</sup>) approximately two weeks after the December 7<sup>th</sup> meeting.

I was made aware second-hand, shortly after the September Board Meeting, that the staff (in particular Secretary Land) was not pleased with the fact that the Finance Committee had recessed or with the realization that Finance Committee could set financial policy on behalf of the Board. However, I was unaware at the time of notifying the Committee Secretary of the meeting, through to the close of the meeting when the President declared the meeting "illegal", that Association moneys had been spent on an "opinion", let alone the fact that Counsel had purportedly already provided one as the President asserted. In addition, I received no objection to the meeting whatsoever.

With regard to Mr. Shulman's "opinion" I only have a few business comments to make as I am neither an attorney or a parliamentarian. Before receiving David Gross's response to our outside Counsel's "opinion" I reviewed the "opinion" with my own internal Counsel, who sits on my Board, as well as my outside Counsel. I also spoke to a number of attorneys who are also NRA



Directors including Judge Till (Chair of NRA's Bylaws and Resolutions Committee), NRA Second Vice President Albert Ross (who was present at the meeting), Tony Bryan, Howard Fezell, Joe Olson (who had also attended the Finance Committee Meeting or was at least of the "opinion" he had) and others. While none were as eloquent as David on the issues raised in *his* response to the "opinion," all basically agreed with David's perspective of the "opinion." In fairness to our President, that certainly does not mean there aren't attorneys, including some who are Directors, that would not be in complete concert with our outside Counsel's "opinion" on this matter. However, what this tells me as a business person who has worked extensively with attorneys; I wouldn't take our outside Counsel's "opinion" to the bank. On the contrary I wouldn't rely on this "opinion" at all, let alone to set the Association's priorities, or for that matter any decision, especially holding it above the serious business of establishing Financial Policies for the Association, particularly in view of the (\$85,000,000) cash drain we have experienced over the last several years.

Outside Council Shulman did call me on another matter *after* I had received his December 16<sup>th</sup> "opinion." I took that opportunity to express my personal opinion of his "opinion", as well as the differing opinions other attorney's had with respect Mr. Shulman's work on this matter. Mr. Shulman agreed that I could obtain "opinions" from other respected attorney's that differed with his.

Further, I pointed out several serious flaws in his citing, from a common sense perspective. Namely, that which is cited on the first page of his "opinion" with respect to Robert's Rules 85: "The distinction between *recess* and adjournment in some cases become thin so that it must be judged in the individual context!" So, we are talking about judgment here. If the distinction is so thin that judgment is required, that to me implies a gathering of the facts. I received no call from Shulman, nor to my knowledge did the First & Second Vice Presidents or the Committee's Secretary or any other member of the Committee. If our Counsel had bothered to *gather all* the facts, I'm confident his "opinion" would have come to far different conclusions. Particularly as regards his citing Article XI, Section 6 of NRA Bylaws, pertaining to the proper authority required for "official" meetings (two of the three, i.e. President, First VP, Second VP), which *had* been received by the Chair; as two Vice Presidents *were* calling for the Finance Committee to meet - notwithstanding provisions of NY NFPC Law, which supersede our Bylaws and allow the Board to authorize the Finance Committee to set financial policy on its behalf.

Additionally, our outside Counsel Mr. Shulman should have spoken to the Chair and Committee members on their business thoughts on the matter, *before* his citing of Section 707 of the New York Not for Profit Corporation Law (NYPNCL), by which he states that " the meeting cannot be said to have been official by reason of theory that the action it took could have been taken without a meeting." This is a preposterous citing for Counsel to draw upon for the complex, serious financial issues, consequences and discussions, which must be engaged in the development of financial policies. NY Law apparently says you don't have to have a meeting to take action -- you can mail it in. Gee, what clever law. Just knowing that all the Finance Committee meetings I've attended over the last three years, could have all been done by mail or a phone call under NY

NFPC Law; gives me great pause for reflection on how we should conduct the Association's business, particularly as relates to the finances. Perhaps Mr. Shulman can provide us with some additional guidance under NY law: *What can we do, or what do we mail in to get \$85,000,000 back into the Association's reserve account?* Of course that's the real issue, and it's as real as the question of JUDGMENT here.

However, Marion Hammer *is* our President and Steve Shulman *is* our outside Counsel (albeit apparently without benefit of contract), and I should respect the leadership and good judgment that they are assumed to possess as a prerequisite for holding their respective positions. However, as a Director, Chairman of the Finance Committee and Manager of the Operations Audit, I cannot support either, and that I recognize *is* a very serious issue, one that leaves me personally with few options.

President Hammer's Response (dated 1/5/97) to Board; on Director Benzion's questions concerning the Dallas Finance Committee Meeting: I have received the President's response, sent to the Board of Directors. Clearly, a response from the Chair of Finance is due, based on the serious allegations and mis-characterizations (to put it politely) that the President has made with regard to my discharge of responsibilities as a Director & Chair of Finance, as well as statements the President made that wrongfully reflected on the Finance Committee's work and that of its members as a whole -- *and I only read the first page*. I could not afford the President the time of my day on this matter, for I knew if I had *from what I did read*, I wouldn't have much of my day left. I clearly would have lost focus on the business at hand. I am speaking of my own business as well as the time I spend on NRA's affairs.

Therefore, I can only address the first page of the President's response, which deals with my purported "move to suppress information." As the President *correctly* pointed out, the Treasurer was given a list of directives (motions). But, of course, there's more to it than that. Much of the meeting was spent in executive session reviewing the performance of the EVP and formulating financial policy. Therefore, the Committee's Secretary was not present. Therefore, the only records were handwritten notes of Committee members present. That included my notes as Chair, Donna's as Vice Chair and others, as well as Joe Olson's, whom I had specifically requested take notes. The executive session lasted several hours and, as Mrs. Ross was graciously hosting a dinner for those attending the Committee Meeting, there was no time to meet with the Committee's Secretary immediately after the meeting to go over the actions taken by the Committee. Therefore, at dinner, Donna, Joe and I made arrangements with Woody to meet him the next morning to review the actions taken by the Committee, which we did.

At that meeting we reviewed the action items, Joe provided Woody with his notes and I also instructed Woody to type up a draft of the actions and send them to me for review. From Dallas, I went to San Antonio on business and did not return to Santa Barbara until the following week (Monday, Dec. 16<sup>th</sup>). I had messages from Woody, called him and he informed me the President had requested the action items and that he had typed up the resolutions from Joe's notes and had

provided them to her, which I told him was fine, but to fax me a copy and a typed draft of his minutes for the open session. He did.

Over the course of the next few weeks, time, business and the holidays permitting, I began working on both a draft of the minutes and a review of Woody's typed action items, with a priority on the action items. In the process, I had sent the Vice Chair and other Committee members, who had provided notes or made motions, copies of what I had for their review and comments. During this process Woody informed me that the President's call on declaring the meeting unauthorized had thrown the staff into loop as to whether or not the actions of the Committee were in fact binding per Board Policy or whether the President could override the Board (she of course can't). However, he and his staff were proceeding on basis that they were binding. I confirmed to Woody that the financial policies established at the meeting were indeed binding and appreciated his moving on those action items from the Committee. Further, I informed Woody that while I had little time to complete the minutes until sometime in January, the review of the draft he had sent me on the resolutions was almost completed, and from the comments I had been receiving from Donna and others on the Committee there were only minor grammar changes to the original typed draft of the resolutions he had sent me.

It was about this time, while I was waiting on final comments from Albert Ross, who had made two of the motions, when I learned Secretary Land was sending out to the Directors, Joe Olson's hand written notes on the meeting. As any Director or Committee Chair would be, I was, and still am damn upset with Secretary Land, as I am with President Hammer for not according the Chair or Director Olson the common courtesy of not having their handwritten notes from a committee meeting plastered across the county. I have served on NRA committees for just over three years and that's the first time I've seen that stunt pulled on any Member of the Board of Directors. Thus, my letter to the Secretary in December, and President Hammer's characterization of my 'suppressing information' to the Board of Directors.

As I have now completed my fiduciary responsibilities as a an NRA Director to spend at least a few hours of each day meditating on our pressing financial affairs while running in circles, I will try to bring this to a close; but not before addressing solutions to our President's *serious* concerns, also on the first page of her response to the Board; "As President, this move (by the Chair) to suppress information (to the Board) has caused me great concern and consternation and I have wrestled with what course should be followed." Dear, dear---what to do? Well, for starters, Madam President, I could not recommend spending the Association's moneys on another "opinion" from outside Counsel. In addition, I must advise you that no apologies are due or offered from the Chair of Finance with respect to my letter to Secretary Land regarding *his* or *your* distribution of handwritten notes of a Director, who is a member of the committee that I Chair, or for the delay in providing official minutes and resolutions of the Dallas meeting. You and the other officers were clearly aware of my pressing time commitments in December & January. That was one of several reasons I had hoped to postpone the meeting to late January. Further, as you have been the in the Chair of Committees you also understood the

post-meeting administration time that would be required, which would be difficult for me, given my constraints of time during the closing of the business year.

Further, I stand by my conviction that the Finance Committee did in fact meet in Dallas, under the Board's mandate, provided in Resolution #14. The Committee met to establish financial policies which are indeed binding until the Board of Directors takes action on these matters. That exclusive authority, granted by the Board of Directors to the Finance Committee, entirely in accordance with NY NFPC Law, was made in recognition of Board's concern with the Association's financial condition. In addition, responsibility is assumed to set financial policy per the Bylaw change in February.

Irrespective of the serious flaws in Counsel's "opinion" on Robert's Rules of Order, NRA Bylaws & NY NFPC Law, it served its purpose for the President. The will of the Board was challenged and to some degree thwarted. However, in apparent violation of Board policy (Board Motion dated April 1976), Association funds were spent on that "opinion" and you as President have chosen to take that advice from Counsel. Therefore, as I am growing weary of running in circles, it is my suggestion to you that there are few options here, other than to follow through with your course of action as regards your decision to declare the Finance Committee meeting "illegal" (or more appropriately "unauthorized").

Either my decision to call the meeting or yours in claiming it to be unauthorized has wasted the Association's valuable time and resources. Your time, my time, the time of the other officers and many of our fellow Directors, the staff's time, as well as the indecision caused; moneys spent on the Meeting itself and on Counsels "opinion." All at the expense of the Association. Someone is responsible and accountable for the loss the of the Association's resources for the time and money expended on this matter. And that someone is either you or me; it's as simple as that. Before I leave the Board I'd like to see someone in a leadership position held responsible and accountable for their actions and decisions, for wasting the Association's resources, even if that someone is only a Chairman such as I.

Under no circumstances whatsoever will I compromise on this matter, as has been suggested, and hold a second Finance Committee Meeting by telephone to ratify the fact that there was in fact a Finance Committee Meeting in Dallas at which the Committee completed important work; that's nonsense. That compromising solution would serve only to validate or justify your fiasco, while obscuring responsibility and accountability for actions that have damaged the Association. I will have no part of that, as the damage has already been caused in this matter. Further, you have a Chair of Finance who no longer supports the President or EVP's management of the Association. These convictions, for me, are irreversible. With respect to Wayne, I sincerely wish with all my heart this were not the case. I have a great deal of respect and admiration for Wayne, personally and professionally, particularly with regard to his skills, talents and abilities when it comes to PR and politics. Though we have disagreed on important matters, he has always been a gentleman.

Anyone who's ever been a CEO (EVP) or has run any institution, has appreciation for one such as Wayne, who has resided in that lonely place. You bask in the glory of the institutions victories and you bleed in its defeats in a place that provides no security for your contributions and accomplishments, if for any reason whatsoever events turn against the vision you have espoused. You're the commander and chief -- and there is only one. When things, for whatever reason don't work out as your vision, goals and objectives had called for, you can't blame your officers, your staff, your employee's and you never blame your Board. **For they all followed you.** That's the responsibility of the job: **to lead.** You lead up with your Board and down with your officers and employees. If your officers, staff and employees are not performing, or are not following your leadership, you don't blame them. You fire them; or you will be blamed for their lack of performance and your lack of leadership. You lead your Board -- and they will follow you -- to a point, for they, too, have a master and broader institutional responsibilities. Your Board put you there -- because they shared your vision and trusted you with the keys to the treasury -- and they will follow, only so long as they can, only so long as there is no conflict with *their* institutional responsibilities.

Irrespective of past accomplishments; there are no second chances here - not even for your closest and dearest friends for "old times sake." For you and your Board must always make decisions in the best interest of the institution, not based on your personal feelings. These hard realities demand at all times, that the Board be cognizant - not only of the vision, goals and objectives, your plans and priorities - but of the expected results and consequences thereof; i.e., the costs, source of funding and risks involved on possible outcomes. It's the good news *and* the bad news. If it happens, when it happens; **not just the good news** - full disclosure at all times.

You must always be willing to put your job on the line and even fall on your sword, if it is in the best interest of the institution. If your Board, for whatever reason, is drifting from the focus of *your* objectives and priorities, you caution them, that *they* are competing against your priorities for limited financial resources. Something has to give or you will be threatening the financial security of the institution. If your Board persists in drifting, then there are few options. You either change your priorities, yield to the Board's or you put your job on the line and say **NO**, we are not going to pay for it. In that case, the Board either fires you, or you must responsibly resign, as your Board is moving off the direction you believe is the correct one with respect to the goals and financial resources available to the institution. **Never try to do both.** For all institutions have capital constraints, regardless of size or type, and to attempt to follow two sets of priorities will ultimately lead to financial ruin. That failure would not simply be yours, but the Board's for allowing it to happen.

It is *your* responsibility to disclose these consequences, and **insure** the Board clearly understands. Otherwise they will lose confidence or, worst yet, feel betrayed. These self-evident truths are the same for any institutional organization, be it Exxon, IBM, Chrysler, NRA, Chase Manhattan Bank, United Way, the Rockefeller Foundation or any company, corporation, organization or institution that is based on trust & confidence. This is the price and description of the job that is

sought by many, but for which few are chosen. It's a thankless job, and like many things sought in life, it was better sought than had. It's a lonely place up there, for you must be willing to sacrifice everything, including yourself and even more difficult those who are closest to you; for the best interests of the institution and its mission.

I recognize the contributions and accomplishments Wayne LaPierre has made to the Association, and they are many. He's one of us. However, serious strategic mistakes were made, and they are coming home to roost in a way that has already changed the character of the Association and will have a financial impact on this Association and its mission for years to come. In the past, this Association has obtained its goals and objectives by pushing tens of millions of dollars around with a bulldozer. Now what little capital we have left must be used with a scalpel. To secure its mission, now more than ever, this institution is going to have to use its wits, brains and creativity as a substitute for money. The Association must now undertake a significant change in direction to rebuild its financial strength while restructuring itself in some way so as to continue a level of services to its Members, particularly on the political front. Further, it must signal its Members, Donors and State Associations, as well as the press and general public, that a change of direction is underway. This, of course, requires a change in leadership.

In conclusion, I want the Board, President, Officers and EVP to understand: I take no pleasure whatsoever in my positions on these serious matters. Far from it. I derive no satisfaction or pleasure from this work, the disclosures and recommendations I must make to the Board of Directors. When Russ Howard nominated me to the NRA Board, I didn't come on the Board to do what I do for a living and, I don't think many Directors come on the Board to do what they do in private life. Political activism is the reason I came on the Board, as I did derive great satisfaction and, indeed, pleasure in giving pain to politicians who either didn't understand, forgot or thought they were above the Constitutional Law of the Land. It was also a great diversion from the responsibilities of my work.

For these reasons, I never asked to be on the Finance Committee. On the contrary, when I came on the Board in April 1993, I requested other committees and received none of them. I did not request to be Manager of the Operations Audit, nor did I request to be Chair or Vice Chair of the Finance Committee. In fact, with respect to the Chair of Finance, a Director who did want the job asked me if I would support him, I told him I would and, therefore, never formally responded to the Secretary's acceptance form (perhaps Mr. Shulman can render an "opinion" that I've never *really* been the Chair of Finance). Yet these are the jobs and responsibilities I was assigned by the President and Board of Directors.

While my tenure as Chair of Finance may prove to be the shortest in NRA history, I would be pleased to step aside and gratefully shake the hand of the person who steps up to bat if it is deemed to be in the better interest of the Association. Further, I cannot function as Chair of Finance under the present circumstances, and that is not in the better interest of the Association. As I have stated, there are few options. We are all responsible and accountable for our actions, be it Board of Directors, President, Chair of Finance or EVP. Therefore, I recommend that one of

following courses of action *must* be taken by President Hammer in the better interest of the Association at the February Board of Directors Meeting:

- 1) The President requests my resignation before the Board and the Board supports her position.
- 2) The President follows the course of action she has set upon and goes through the process to remove me as Finance Chair by filing an Ethics complaint against me based on her serious claims that I suppressed information to the Board of Directors and, further, squandered the Association's moneys and resources by holding an unauthorized meeting of the Finance Committee.
- 3) Apologize to the Finance Committee Members and Board of Directors for taking actions that have squandered the Association's moneys and resources.

Doing nothing is not an option here, either for the President, Board or myself, as a Director and Chair of Finance. To take that course of inaction would make one culpable in the most insidious form of corruption that can plague any institution: the corruption of responsibility and accountability that has permeated the Association and taken it to the brink. *Based on our history*, I can only expect this course to continue in this instance as it has in the past. However, should that seemingly likely, albeit unfortunate, event occur, I'll be forced to respectfully resign from the Board, as I can make no contribution here. I highly recommend Donna Bianchi as your next Finance Chair, as I have complete confidence in her business skills and abilities.

In closing, I wish to thank all the Members of my Committee who followed and supported me, along with Vice Presidents Knox and Ross, many of my fellow Directors, in particular those who've been working on the Operations Audit: Ronin Colman, Albert Ross, Judge Paul Heath Till, Russ Howard, Fritz Dixon and consultant Daniel Avidan. We're all expendable here, and sometimes you have to take a stand for what you believe, even if it's a small one. This means that, sooner or later, you have to be willing to take, or fire, a bullet.

Respectfully,



Richard L. Carone, Director  
National Rifle Association of America

Author: albert ross at NRAHQ

Date: 11/21/96 5:21 AM

Priority: Normal

Receipt Requested

TO: Marion Hammer at NRAHQ

TO: Neal Knox at NRAHQ

TO: Wilson Phillips at NRAHQ

TO: Andra Fischer (Wayne LaPierre) at NRAHQ

Subject: Reconvening of Finance Committee

----- Message Contents -----

After finally having a chance to review the third quarter report that Woody sent out last week, I've sent Rick a fax suggesting that the Finance Committee be reconvened after Thanksgiving as soon as things can be arranged. I would also suggest that the DFW Airport hotel would be a meeting site convenient to the Committee members. If this is scheduled, I would also suggest that a notice of the meeting be sent to the entire BOD advising them of the date & time and advising them that they are invited, AT THEIR OWN EXPENSE AS OBSERVERS, if they care to come.

A. Ross



# MEMORANDUM

November 22, 1996

TO: Woody Phillips, Secretary-Finance Committee

FR: Rick Carone

RE: Finance Committee Meeting & Third Qtr. Financials

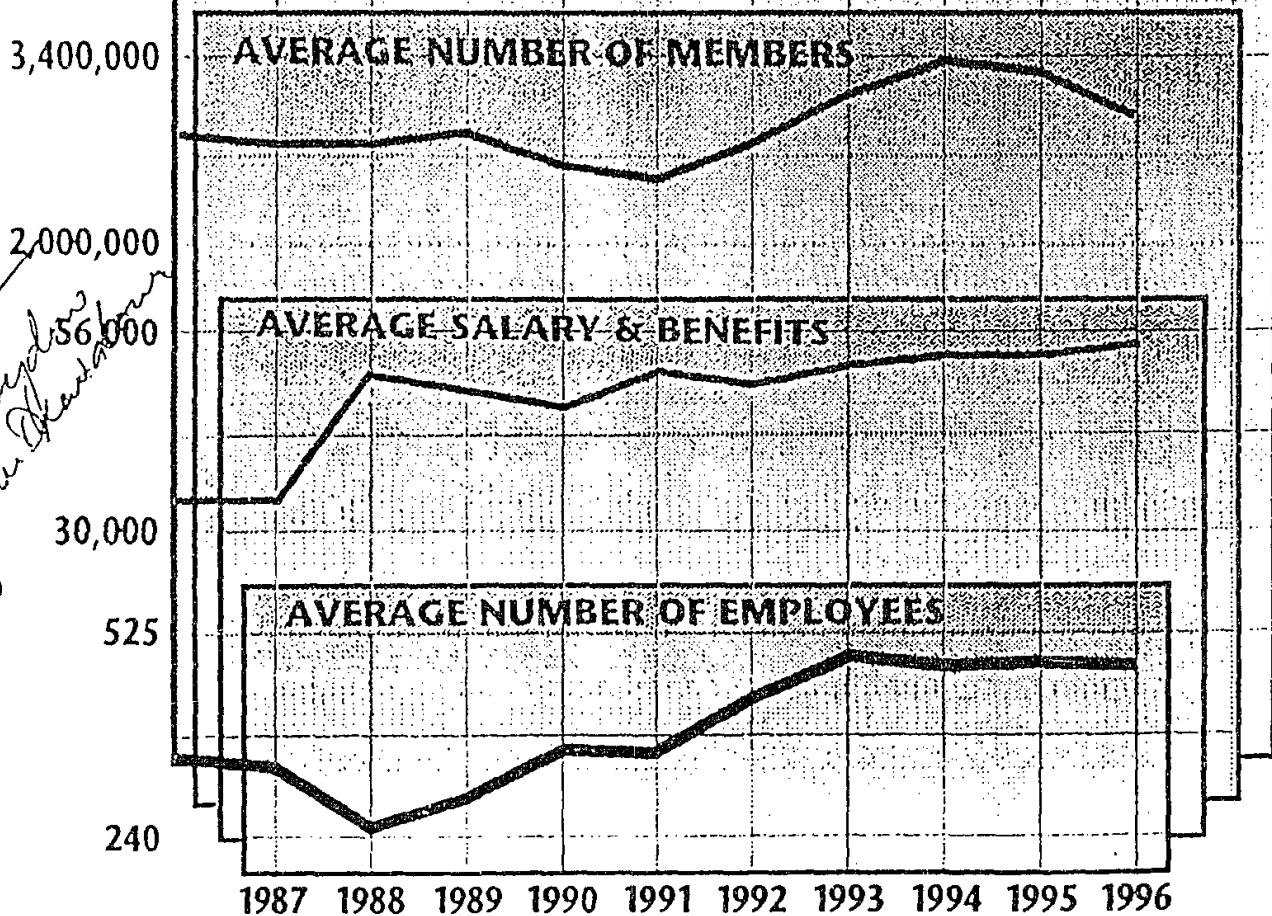
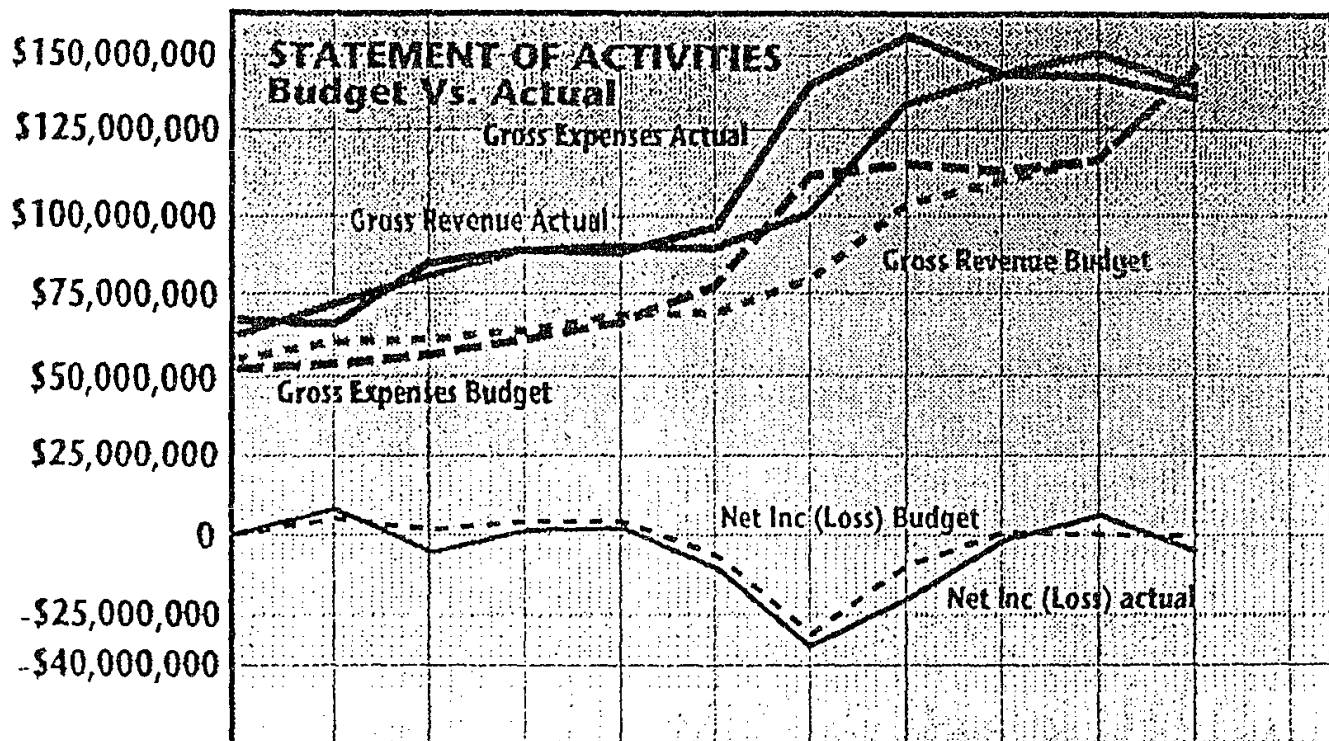
In reference to our discussion yesterday regarding the Fax I received from Albert Ross and calls I have received from other committee members expressing concern over the third qtr. results, the '97 budget and requests for a Finance Committee Meeting in December; please confirm that you have advised all committee members, officers, the EVP and required staff, that the Finance Committee will convene from recess the weekend of December 7, 1996 in Dallas, Texas.

Committee Members should plan to arrive Friday evening of December 6<sup>th</sup>, for the Saturday meeting leaving Sunday. As we discussed please make arrangements at a DFW airport hotel.

Additionally, you are directed to distribute the recent 3<sup>rd</sup> qtr. Financial Statements to all Directors. Please include a cover sheet from you stating that I have directed you to do so and that I have requested all Directors to review the statements, that the Finance Committee is convening from recess on the 7<sup>th</sup> of December; give them the logistical details and assure them that they are welcome to attend at their own expense. Please Fax me a copy of your letter.

# National Rifle Association

## Ten Year Analysis of Operations



*ADD  
Debs & Expenses  
Per Yearly Statement*

# National Rifle Association Finance Committee Meeting Ten Year Analysis of Operations

	Avg # of Employees	# of Employees @ Year End	Average Salary (incl ben & taxes)	Average Salary	Avg # of Members	Gross Revenue Actual (in Millions of \$)	Gross Revenue Budget (in Millions of \$)	Gross Expenses Actual (in Millions of \$)	Gross Expenses Budget (in Millions of \$)	Net Inc (Loss) Actual (in Millions of \$)	Net Inc (Loss) Budget (in Millions of \$)
1987	329	295	\$33,929	\$28,764	2.74	\$71.09	\$57.40	\$64.04	\$53.88	\$7.05	\$3.52
1988	243	275	51,232	42,267	2.75	77.70	58.85	83.60	57.99	(5.90)	0.85
1989	285	312	47,220	37,931	2.84	87.76	62.83	87.52	60.22	0.24	2.60
1990	355	352	42,234	34,193	2.65	87.93	72.04	86.94	70.47	0.99	1.57
1991	350	373	48,736	38,737	2.52	87.14	74.57	96.70	85.40	(9.56)	(10.83)
1992	433	486	45,047	35,893	2.78	103.91	79.94	141.32	112.50	(37.41)	(32.56)
1993	502	527	49,983	39,649	3.14	135.23	104.95	157.20	114.44	(21.96)	(9.49)
1994	472	485	51,255	42,969	3.39	144.08	111.55	145.55	111.55	(1.47)	0.00
1995	489	506	51,427	43,450	3.28	150.74	118.37	144.83	118.37	5.91	0.00
1996	472	400	53,869	44,831	2.92	136.83	148.80	140.31	148.80	(3.48)	0.00

Note: 1996 Actuals represent Management's current projections of year end results

November 25, 1996

To: All members of the NRA Finance Committee

From: Fritz R. Dixon, Member of the Committee



A meeting of the Committee has been proposed for Dallas, Texas in early December, to review the latest Financial Statement and to consider establishing some policies for our current financial situation. I may not be able to attend in person, but I have reviewed the materials submitted by Mr. Phillips, and I talked to Mr. Phillips by phone on two occasions, for about 45 minutes.

I suggest that we, as individuals start sharing thoughts about what we might do in advance of that meeting. Mr. Phillips suggested that he might function as a neutral assembler and distributor of those materials to all the committee. That would be up to Chairman Carone.

My own first draft suggestions follow. The first list is a broader, general outline of financial objectives to extend over several years which I would like to see debated. The second list is a more specific and detailed plan to get us toward the first list over time. The implementation and modification or even termination of items in the second list can be done as the Board, or the Executive Committee determines, if any are adopted.

Broad, longer term list.

1. We should consider taking perhaps \$5 million out of the portfolio to pay down the mortgage on the new building to the point we no longer have to collateralize the rest of the portfolio. We should also consider an amount which would eliminate the continuing line of credit for operating expenses or decrease it as much as possible. The Treasurer can give us better figures of the amount which would be needed.

2. As soon as the above is done, we should adopt a policy (resolution) to direct staff to henceforth leave all revenue and appreciation of the portfolio IN THE PORTFOLIO, and additionally adding \$2 million a year from general revenues to accelerate the rebuilding of the portfolio to \$75 million, at which time the whole process should again be reviewed. NONE SHOULD BE REMOVED FOR OPERATING EXPENSES UNTIL THE \$75 MILLION IS ACHIEVED, EXCEPT PERHAPS VERY CAREFULLY AND DELIBERATELY IN PRESIDENTIAL ELECTION YEARS AND ONLY THEN BY BOARD ORDER.

3. We should establish recruiting and member retention policies based on the reasons our members do not renew, or people do not join, and our expenditures should be guided by those reasons, not some hellishly expensive general mailing recruiting techniques which primarily make our vendors and the post office rich.

4. As soon as we can, we should review what we charge for memberships. When we get out of debt and don't have to pay so much interest, we should start doing that. The philosophy of driving members away but get the money must be reconsidered.

5. We have the building, and we are stuck with it. We should start putting at least \$3 million a year into the payoff from general revenues, or a building fund program which does not cost 40% of the revenue for overhead for the solicitations. If we can't do any

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better than that, we should not solicit money for the building payoff. The 40% is the gold for our vendors. If \$5 million a year is a better figure to get us out of debt, I would consider it.

6. After all the above requirements are met and in place we can start calculating what we have left, and the size and scope of the operations of our association should fit that revenue base.

7. State that within 3 months, expenditures shall be brought into balance with the expected revenues, with a 15% cushion to take care of the revenue shortfalls which always occurs but are never expected by staff.

In the short term, I would urge that we consider doing some variation of the following items.

1. The hiring freeze should continue. At 350 employees, the Executive Vice President will be allowed to replace one employee for each two who leave. He shall determine the priorities for replacement.

2. We should consider a salary cut of 10% for all employees making over \$100,000 per year, starting immediately. There are several ways of handling the perceived unfairness of the \$100,000 person who goes to \$90,000 and jumps below another who now makes \$95,000 and gets no cut.

3. We should consider a salary freeze for all employees making over twice the State of Virginia per capita income.

I estimate this to be about \$34,000 times two, or \$68,000 per year. The exact figure is immaterial as long as it is based on something firm in the area. It is a figure that can be acquired by a telephone call to the State of Virginia. I am sure that we will be immediately whipsawed by staff with the counter claim that it should be based on the higher Fairfax per capita income, or the District of Columbia per capita, or the maximum figure they can find in the commuting area. I prefer the State of Virginia per capita. But of course you all can express your opinion by discussion, and by vote as soon as we hear what the various per capitae are. More than anything else, I would like to see a decision, not a gridlock back to what the staff wants.

4. We should consider immediately stopping all capitol expenditures for 'improvements' except those which are absolutely minimally needed for new tenants in the South Tower, except as approved by the Executive Committee, or Board. Starting immediately, I urge that all expenditures exceeding \$10,000 for the above purpose shall be forwarded with a letter of explanation by the EVP to the Chairman of the finance committee.

5. Stop all furniture purchases until further notice.

6. Except for those strictly related to membership retention, all new computer purchases and software updates exceeding \$50 should terminate immediately, and should be held in abeyance until resumption is approved by the designated body of this organization, when our financial situation is sufficiently improved to resume these desirable, but optional purchases.

It is common for salesmen, and staff, to urge every software update on every secretary and staff person 'in order to keep up'. Most are of dubious benefit, and the retraining required of all users usually far exceeds the cost of the software.

7. Travel should be immediately cut 75% for all central office staff, including the EVP. Field staff should be instructed to be frugal and to economize, but if anyone travels it should be the field staff because they have no other way to work. However, there should be no large gatherings of field staff until we can see what the budget is doing just prior to the annual meeting.

8. We now need to get rid of things that are costing us bundles of money, like the Denison (Ranch) Charitable Remainder Trust, for which we are paying \$90,000 PER QUARTER, scheduled to extend for as much as 20 years. Our Treasurer knows what these items are, and he should be pointing them out to us. If the Foundation wants the land, let the Foundation pay the \$90,000 per quarter, out of its own funds.

9. If the employee store loses money, I believe we should consider closing it.

10. Why do we have so many consultants? If we have to pay so many consultants, perhaps our staff can't do the work themselves, and are overpaid.

11. Why do our telephones (the ones sitting on the desks) cost so much? I worked in a place one time where we bought a package system, and paid \$450 for replacement phones which broke every year, until someone discovered \$95 Sonys from the local appliance store worked far better and interfaced just fine.

12. The entire Foundation should be looked at, from its revenue, to its costs. Is it a net revenue producer, or is it using NRA money to operate while it collects other money to give away. I don't know, but I want to know how this works. It appears to me the Denison Charitable Remainder trust is an example of this slight of hand. NRA pays the bills, and the Foundation gets the land. If I am wrong, I will appreciate the correction.

13. While everyone suffers, the Board must look at its own expenses.. I urge some real innovations in saving money through meetings, fancy hotels, meals, travel, the committee expenses, and the court stenographer and parliamentarian we use. There is now no such thing as 'that is too small to bother with'. In fact, and in appearances, we must cut our own budget, and the Secretary should give us a list of suggestions.

I feel I have caused enough trouble to this point, and I will depend on the Chairman and other committee members to bring forth their own ideas to supplement or replace mine and to take some of the heat.

I am sure you all know that every roadblock possible will be thrown in our way as we proceed to debate. The majority of the staff believes that we have cut everything possible, and our salvation is revenue enhancement while we continue this orgy of spending. I disagree.

As one last item, I appreciate the majority of the Finance Committee's support of my proposal, discussed with those of you I could contact by telephone, to invite the EVP to come before the committee and explain in detail each of our major vendor payments, including contracts, for an hour each if necessary, to explain in detail the terms, deliverables, the possible cancellation schedules, etc. The Board should not have to dig out each of these. I don't want the EVP to send proxies, or the vendors. He can of course

2004-09-23 14:43

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use his staff as resources. But I would like to hear him talk on substantive matters, relative to the budget, contracts, the venders, etc.

I would point out to you some basic information. Our average employee salary, not including those of the officers, but including fringe benefits, is right at \$50,000 per year. That means that 20 employees roughly equates to \$1 million per year. If we can get \$1 million in savings from elsewhere in the budget, we can retain 20 employees. If we spend another \$1 million, and income is fixed, 20 employees have to go.

In my opinion, we spend far too much on inefficient membership recruiting. We have not done nearly enough in aggressively determining why members leave us, or do not renew, or new members do not join. It may be that this information is available, and no one wants to tell the Board what it is. I have talked to enough underlings to make me believe that is the fact of the matter. I want to know the real reasons expressed in numbers and percentages, from the telephone solicitations and the surveys. I am tired of having that critical information fluffed over in a casual manner when I ask about the documented reasons for non-renewal.

As we proceed in this effort, you will hear that we should concentrate on fund raising because we have cut absolutely everything we can cut and remain a viable organization. I personally believe that is pure bureaucrat, turf protecting, business as usual, etc.

## MEMORANDUM

November 22, 1996

**TO:** Woody Phillips, Secretary-Finance Committee

**FR:** Rick Carone

**RE:** Finance Committee Meeting & Third Qtr. Financials

In reference to our discussion yesterday regarding the Fax I received from Albert Ross and calls I have received from other committee members expressing concern over the third qtr. results, the '97 budget and requests for a Finance Committee Meeting in December; please confirm that you have advised all committee members, officers, the EVP and required staff, that the Finance Committee will convene from recess the weekend of December 7, 1996 in Dallas, Texas.

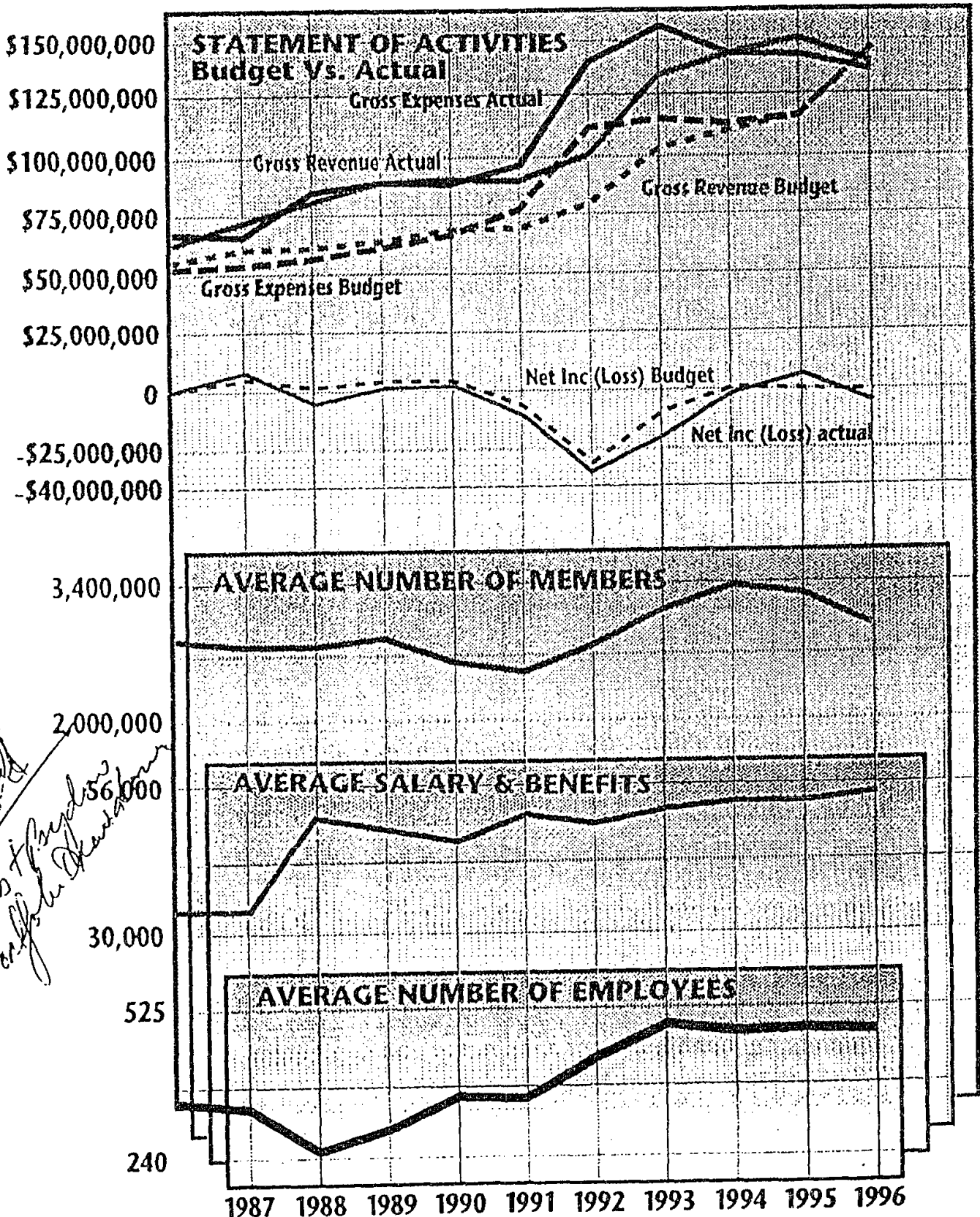
Committee Members should plan to arrive Friday evening of December 6<sup>th</sup>, for the Saturday meeting leaving Sunday. As we discussed please make arrangements at a DFW airport hotel.

Additionally, you are directed to distribute the recent 3<sup>rd</sup> qtr. Financial Statements to all Directors. Please include a cover sheet from you stating that I have directed you to do so and that I have requested all Directors to review the statements, that the Finance Committee is convening from recess on the 7<sup>th</sup> of December; give them the logistical details and assure them that they are welcome to attend at their own expense. Please Fax me a copy of your letter.



# National Rifle Association

## Ten Year Analysis of Operations



# National Rifle Association Finance Committee Meeting Ten Year Analysis of Operations

	Avg # of Employees	# of Employees @ Year End	Average Salary (incl ben & taxes)	Average Salary	Avg # of Members (In Millions)	Gross Revenue Actual (In Millions of \$)	Gross Revenue Budget (In Millions of \$)	Gross Expenses Actual (In Millions of \$)	Gross Expenses Budget (In Millions of \$)	Net Inc (Loss) Actual (In Millions of \$)	Net Inc (Loss) Budget (In Millions of \$)
1987	329	295	\$33,929	\$28,764	2.74	\$71.09	\$57.40	\$64.04	\$53.88	\$7.05	\$3.52
1988	243	275	51,232	42,267	2.75	77.70	58.85	83.60	57.99	(5.90)	0.85
1989	285	312	47,220	37,931	2.84	87.76	62.83	87.52	60.22	0.24	2.60
1990	355	352	42,234	34,193	2.65	87.93	72.04	86.94	70.47	0.99	1.57
1991	350	373	48,736	38,737	2.52	87.14	74.57	96.70	85.40	(9.56)	(10.83)
1992	433	486	45,047	35,893	2.78	103.91	79.94	141.32	112.50	(37.41)	(32.56)
1993	502	527	49,983	39,649	3.14	135.23	104.95	157.20	114.44	(21.96)	(9.49)
1994	472	485	51,255	42,969	3.39	144.08	111.55	145.55	111.55	(1.47)	0.00
1995	489	506	51,427	43,450	3.28	150.74	118.37	144.83	118.37	5.91	0.00
1996	472	400	53,869	44,831	2.99	136.83	148.80	140.31	148.80	(3.48)	0.00

Note: 1996 Actuals represent Management's current projections of year end results

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November 25, 1996

To: All members of the NRA Finance Committee

From: Fritz R. Dixon, Member of the Committee



A meeting of the Committee has been proposed for Dallas, Texas in early December, to review the latest Financial Statement and to consider establishing some policies for our current financial situation. I may not be able to attend in person, but I have reviewed the materials submitted by Mr. Phillips, and I talked to Mr. Phillips by phone on two occasions, for about 45 minutes.

I suggest that we, as individuals start sharing thoughts about what we might do in advance of that meeting. Mr. Phillips suggested that he might function as a neutral assembler and distributor of those materials to all the committee. That would be up to Chairman Carone.

My own first draft suggestions follow. The first list is a broader, general outline of financial objectives to extend over several years which I would like to see debated. The second list is a more specific and detailed plan to get us toward the first list over time. The implementation and modification or even termination of items in the second list can be done as the Board, or the Executive Committee determines, if any are adopted.

Broad, longer term list.

1. We should consider taking perhaps \$5 million out of the portfolio to pay down the mortgage on the new building to the point we no longer have to collateralize the rest of the portfolio. We should also consider an amount which would eliminate the continuing line of credit for operating expenses-or decrease it as much as possible. The Treasurer can give us better figures of the amount which would be needed.

2. As soon as the above is done, we should adopt a policy ( resolution) to direct staff to henceforth leave all revenue and appreciation of the portfolio IN THE PORTFOLIO, and additionally adding \$2 million a year from general revenues to accelerate the rebuilding of the portfolio to \$75 million, at which time the whole process should again be reviewed. NONE SHOULD BE REMOVED FOR OPERATING EXPENSES UNTIL THE \$ 75 MILLION IS ACHIEVED, EXCEPT PERHAPS VERY CAREFULLY AND DELIBERATELY IN PRESIDENTIAL ELECTION YEARS AND ONLY THEN BY BOARD ORDER.

3. We should establish recruiting and member retention policies based on the reasons our members do not renew, or people do not join, and our expenditures should be guided by those reasons, not some hellishly expensive general mailing recruiting techniques which primarily make our vendors and the post office rich.

4, As soon as we can, we should review what we charge for memberships. When we get out of debt and don't have to pay so much interest, we should start doing that. The philosophy of driving members away but get the money must be reconsidered.

5. We have the building, and we are stuck with it. We should start putting at least \$3 million a year into the payoff from general revenues, or a building fund program which does not cost 40% of the revenue for overhead for the solicitations. If we can't do any

better than that, we should not solicit money for the building payoff. The 40% is the gold for our vendors. If \$5 million a year is a better figure to get us out of debt, I would consider it.

6. After all the above requirements are met and in place we can start calculating what we have left, and the size and scope of the operations of our association should fit that revenue base.

7. State that within 3 months, expenditures shall be brought into balance with the expected revenues, with a 15% cushion to take care of the revenue shortfalls which always occurs but are never expected by staff.

In the short term, I would urge that we consider doing some variation of the following items.

1. The hiring freeze should continue. At 350 employees, the Executive Vice President will be allowed to replace one employee for each two who leave. He shall determine the priorities for replacement.

2. We should consider a salary cut of 10% for all employees making over \$100,000 per year, starting immediately. There are several ways of handling the perceived unfairness of the \$100,000 person who goes to \$90,000 and jumps below another who now makes \$95,000 and gets no cut.

3. We should consider a salary freeze for all employees making over twice the State of Virginia per capita income.

I estimate this to be about \$34,000 times two, or \$68,000 per year. The exact figure is immaterial as long as it is based on something firm in the area. It is a figure that can be acquired by a telephone call to the State of Virginia. I am sure that we will be immediately whipsawed by staff with the counter claim that it should be based on the higher Fairfax per capita income, or the District of Columbia per capita, or the maximum figure they can find in the commuting area. I prefer the State of Virginia per capita. But of course you all can express your opinion by discussion, and by vote as soon as we hear what the various per capitas are. More than anything else, I would like to see a decision, not a gridlock back to what the staff wants.

4. We should consider immediately stopping all capitol expenditures for 'improvements' except those which are absolutely minimally needed for new tenants in the South Tower, except as approved by the Executive Committee, or Board. Starting immediately, I urge that all expenditures exceeding \$10,000 for the above purpose shall be forwarded with a letter of explanation by the EVP to the Chairman of the finance committee.

5. Stop all furniture purchases until further notice.

6. Except for those strictly related to membership retention, all new computer purchases and software updates exceeding \$50 should terminate immediately, and should be held in abeyance until resumption is approved by the designated body of this organization, when our financial situation is sufficiently improved to resume these desirable, but optional purchases.

It is common for salesmen, and staff, to urge every software update on every secretary and staff person 'in order to keep up'. Most are of dubious benefit, and the retraining required of all users usually far exceeds the cost of the software.

7. Travel should be immediately cut 75% for all central office staff, including the EVP. Field staff should be instructed to be frugal and to economize, but if anyone travels it should be the field staff because they have no other way to work. However, there should be no large gatherings of field staff until we can see what the budget is doing just prior to the annual meeting.

8. We now need to get rid of things that are costing us bundles of money, like the Denison (Ranch) Charitable Remainder Trust, for which we are paying \$90,000 PER QUARTER, scheduled to extend for as much as 20 years. Our Treasurer knows what these items are, and he should be pointing them out to us. If the Foundation wants the land, let the Foundation pay the \$90,000 per quarter, out of its own funds.

9. If the employee store loses money, I believe we should consider closing it.

10. Why do we have so many consultants? If we have to pay so many consultants, perhaps our staff can't do the work themselves, and are overpaid.

11. Why do our telephones (the ones sitting on the desks) cost so much? I worked in a place one time where we bought a package system, and paid \$450 for replacement phones which broke every year, until someone discovered \$95 Sonys from the local appliance store worked far better and interfaced just fine.

12. The entire Foundation should be looked at, from its revenue, to its costs. Is it a net revenue producer, or is it using NRA money to operate while it collects other money to give away. I don't know, but I want to know how this works. It appears to me the Denison Charitable Remainder trust is an example of this slight of hand. NRA pays the bills, and the Foundation gets the land. If I am wrong, I will appreciate the correction.

13. While everyone suffers, the Board must look at its own expenses. I urge some real innovations in saving money through meetings, fancy hotels, meals, travel, the committee expenses, and the court stenographer and parliamentarian we use. There is now no such thing as 'that is too small to bother with'. In fact, and in appearances, we must cut our own budget, and the Secretary should give us a list of suggestions.

I feel I have caused enough trouble to this point, and I will depend on the Chairman and other committee members to bring forth their own ideas to supplement or replace mine and to take some of the heat.

I am sure you all know that every roadblock possible will be thrown in our way as we proceed to debate. The majority of the staff believes that we have cut everything possible, and our salvation is revenue enhancement while we continue this orgy of spending. I disagree.

As one last item, I appreciate the majority of the Finance Committee's support of my proposal, discussed with those of you I could contact by telephone, to invite the EVP to come before the committee and explain in detail each of our major vendor payments, including contracts, for an hour each if necessary, to explain in detail the terms, deliverables, the possible cancellation schedules, etc. The Board should not have to dig out each of these. I don't want the EVP to send proxies, or the vendors. He can of course

10-11-88

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use his staff as resources. But I would like to hear him talk on substantive matters, relative to the budget, contracts, the vendors, etc.

I would point out to you some basic information. Our average employee salary, not including those of the officers, but including fringe benefits, is right at \$50,000 per year. That means that 20 employees roughly equates to \$1 million per year. If we can get \$1 million in savings from elsewhere in the budget, we can retain 20 employees. If we spend another \$1 million, and income is fixed, 20 employees have to go.

In my opinion, we spend far too much on inefficient membership recruiting. We have not done nearly enough in aggressively determining why members leave us, or do not renew, or new members do not join. It may be that this information is available, and no one wants to tell the Board what it is. I have talked to enough underlings to make me believe that is the fact of the matter. I want to know the real reasons expressed in numbers and percentages, from the telephone solicitations and the surveys. I am tired of having that critical information fluffed over in a casual manner when I ask about the *documented reasons for non-renewal*.

As we proceed in this effort, you will hear that we should concentrate on fund raising because we have cut absolutely everything we can cut and remain a viable organization. I personally believe that is pure bureaucrat, turf protecting, business as usual, etc.

# Money Spent At Variance

## With Board Financial Policy:

### The Top Venders

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In February of 1996 the President and Vice President expressed their concerns to the Operations Audit that the Board Financial Policy requiring the approval of the President and one Vice President of any "contract" in excess of \$100,000 was being evaded by staff by either failing to have a contract at all or, as the President suggested, stacking together multiple sub-hundred thousand dollar contracts with vendors.

I asked CoS McFalls about it, he said that he was aware of a policy that required signatures for a contract in excess of \$100,000 and that, as he understood it, there was a Board exemption for "media buys." He also confirmed that there were several large vendors we were operating with whom we had no written contract. Knowing of a Board requirement for the Secretary to catalog and summarize resolutions and distribute them to the Board, I asked for a copy of the Resolution book. When I received it I could not find any such Board policy, indeed I could not find the Board motion that authorized the Operations Audit.

I asked the Secretary about this and he explained that he'd sent me what I asked for, the "Resolution Book." This book contains Resolutions, as opposed to Motions. While it would seem to make sense to divide our Memorial Resolutions from those relating to operational policy, splitting them between "Resolved" Vs. "Moved" stuck me as less than helpful. In fact the Resolution of May, 1987, specifically directs the Secretary to keep a separate book of resolutions adopted which affect policy (exclude those which do not) and distribute it to the Board. Unfortunately it would seem that in a preposterous bit of legal formalism (which began before our current Secretary took office), Board policy that begins with the word "Resolved" is reported differently than that which begins with the word "Moved." The Board might wish to clarify its desires in this area.

The Secretary made me aware of a thing called the *Policy Manual* which he was kind enough to send me. At the time I received it I was informed that it was one of two copies in existence. In it, we found the Board policy on "contracts:"

January 26-27, 1991 Board of Directors

"MOVED, That any agreement by NRA or NRA/ILA in excess of \$100,000 cannot be executed without the approval of the President and one (1) Vice President."

The intent of this Motion seems clear; the Association cannot execute - begin - any agreement, **including verbal agreements**, involving more than \$100,000 without prior approval of the President and one Vice President. In other words a Board level financial control was set in place, presumably because the Board was not entirely comfortable with management in this area. Somewhere along the line, this policy was apparently interpreted by the executive staff as requiring Officer sign off only when there was a *written* contract with an exemption for "media buys," though no such exemption is found in the *Policy Manual*. Additionally, executive staff apparently considered amendments and extensions to existing agreements that predated this



Motion exempt, for example Akerman McQueen (our largest vendor) contract initiated July 16, 1987 and amended by letter annually thereafter.

As many of you know, the Treasurer brings the "contract book" to Finance Committee meetings where any Director may examine it. A Director might reasonably assume that we have contracts with most all (skipping folks like the Post Office) of our major vendors. Of course, if there is no contract there is nothing to put in the book and nothing for the Director to evaluate. Thus the even the most diligent director would not know the names of all our major vendors, let alone what we were purchasing from them or the amount we were spending with them. Nor could you discern this information by looking at expense categories in our financials as the expenses incurred with some of these vendors was, as the Treasurer explained to me, widely dispersed among a variety of expense accounts (categories) with the result one would be unlikely to have ones attention drawn to any particularly large expenditure.

During our interviews with J.O. McFalls in July, we learned of the existence of a thing called the "Top Vendors" list. According to J.O., this list was prepared by Financial Services at the direction of the previous Finance Chair, Mr. Porter and contained a ranked list, on a year by year basis, of every vendor with whom we spent in excess of \$100,000 within that year. It was J.O.'s understanding that once the list was completed it was so "bad" (looked bad for management) that the decision was made not to give it to the Finance Chair, though the minutes of the meeting indicate it was available.

Having learned of the existence of the Top Vendors (\$100,000) list, we compelled the Treasurer to provide us with a copy of it under the authority granted the Operations Audit by the Executive Committee on June 1, 1996. The Treasurer immediately complied and we received a four page report, dated 4/10/96, containing a listing of cash (non accrual) expenditures to 172 vendors from Jan 1, 1993 to Dec. 31, 1995 totaling \$299,668,072 for the three year period. The top 171 of these vendors had received payments from us of at least \$100,000 in any one of the years (the 172nd, \$94,858 in 1995, was apparently listed to demonstrate the cut off point for the query).

Of course, the \$100,000 dollar mark is the point of interest for this discussion as it is the threshold for the Board Financial Policy requiring Officer approval. Unfortunately, of these 171 vendors, as we can best determine, only a small handful have a contract listed in The Schedule Of Contracts and Agreements as of 7/15/96. The current PM Contract effective May 1995, the new, (1996) David Crosby Associates contract, and we are told, the World Color Press have the required signature of the President and a Vice President. Though the PM contract was apparently signed by the EVP - binding the Association - prior to receiving the required signatures of President and a Vice President thus, once again, thwarting Board Financial Policy. While there are a few more that have the required signatures and the financial services folks are coming up with an exact count, the general trend is clear, the Board mandated financial control requiring the prior approval of the President and a Vice President for any

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agreement, including verbal, in excess of \$100,000 was habitually ignored by management. Please note that this only covers the NRA proper, NRA/ILA has not been examined yet.

Based on our examinations of the table of contents of the contract book (date unknown), the Schedule Of Contracts and Agreements as of 7/15/96 provided by the Treasurer, as well as the copies of the actual contracts in our possession (this may be incomplete), not only the bulk of the \$299,668,072 spent with "Top Vendors" from 1993 through 1995 spent in violation of the Board Financial Policy requiring the approval of the President and one Vice President, ~~the~~ large part of it, particularly in areas that answered directly to the EVP, was spent without benefit of any written agreement at all.

It is important to note that for some vendors one would not normally have a written agreement, postage for example, or the purchase of a commodity like paper for our magazines. Additionally, some of these vendors do work under the agency provisions of other contracts, USA Direct our second largest vendor, for example flows through PM though it remains to be seen as to whether or not these terms of these various agency provisions within the PM contract have been complied with by the Association. Specifically, under Section 1n of our contract, PM is required to "three bid" purchase made on our behalf:

"...useless otherwise directed by NRA management. Bid selection procedure shall be *subject to prior approval by NRA* on projects over \$50,000; if it is not feasible to obtain the NRA's prior approval, PMC shall select the lowest bid, or the vendor who can meet the critical deadline *if one is directed by the NRA...*"

While the sheer dollar amount involved is staggering, as is the manifest disregard, the contempt, for Board Financial Policy, and the lax business practices that resulted from our lack of written agreements with several major vendors is perhaps the most disturbing and, we believe, financially damaging aspect of these poor management practices. The purpose of a written agreement - a contract - is to specify the goods and services being purchased, the manner and terms of delivery, oversight provisions, penalties, payment terms, etc. The point of writing it down is to insure that all parties have a clear understanding of the agreement prior to execution, to provide a benchmark against which performance can be evaluated as well as providing the framework for the resolution of disputes. This is particularly true if the performance is in question.

Apparently driven by the desire to evade notice of the Board (placement in the contract book, Officer sign off), the management of the Association has engaged us in complex expensive activities, particularly in the public relations area, involving expenditures of tens of million dollars without benefit of written contract, often literally on a verbal basis. For example, the Officers were recently asked to approve a letter agreement (a step in the right direction) for sponsorship of the Under Wild Skies television program, this would be our fourth year of involvement.

In exercising his due diligence, Vice President Ross asked for a variety of information covering business details not specified in the "letter agreement" he was being asked to sign. Additionally, he asked what our current commitments were and for copies of the previous agreements with this vendor. In answer to the last two questions the Special Assistant to the EVP responded on 1/13/97 via NRA ccmall:

1. "NRA has a *verbal* commitment to renew for 1997 - - nothing further."
2. "Yes. Agreements were written in the past *on an invoice basis*"

(emphasis added)

This is completely consistent with what J.O. and other current NRA employees have told us. The allegation is that the EVP verbally authorizes various vendors to go ahead with an activity, but does not make his staff aware of specifics, or even that the agreement existed at all. Staff learns of the "agreement" when the invoice shows up, and is faced with the prospect of having to "paper" the deal after the fact. Thus, they are unable to budget for the activity or insure that its being carried out in the manner required by the EVP.

For our internal use, financial services maintains the "PR EVP Approved" cost center. As you can see from the chart, the EVP was \$571,601 over budget through the first quarter of 1996, the trend continues and we finished the year with PR a little over \$2,000,000 over budget. We've also included a report from 1995 showing the analysis of this cost center through August of that year. As you can see, it shows pretty much the same thing.

In order to illustrate the issue to the Board, we will examine our relationship with our #7 vendor on the Top Vendors List, Associated Television. Please understand that we are highlighting *our* level of due diligence in our relationship with this vendor, not the performance of the vendor. For all we know, Associated Television has conducted itself in a forthright manner completely consistent with what was required of them by the EVP *verbally* in exchange for the \$14,232,747.20 (\$12,867,747.20 to Associated Television + \$1,365,000.00 to "American Adventurer") we spent with them from 1/19/93 through 09/12/96. They may have done an excellent job in all respects. Although, lacking a contract, we have no way to tell.

We were first alerted to Associated Television by CoS McFalls. He was concerned that large invoices had been received from this vendor which were not budgeted items approved by the Board of Directors. Additionally, we had no contract and no Board required officer approval with this vendor, the invoices lacked specificity and, he felt, ought not be paid without supporting documentation. According to J.O., his repeated attempts to clarify our business relationship with this vendor; what exactly were we buying, what did we own, how could we determine if it was being delivered

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(aired), what were our future obligations, etc. were unsuccessful. Understand that according to J.O., and confirmed by Treasurer Phillips, we had virtually no supporting paperwork on our end. In other words, we'd paid very large sums of money to a vendor based, essentially, on a vague verbal "purchase order" from our EVP. Per our Bylaws in effect at the time, the EVP had the authority to direct disbursement these funds for payments, this authority was removed and shifted to the CFO at the last Board Meeting (Sept.) The disbursement authority issue is separate from contracts issue.

Associated Television has produced, American Hero's, American Hunter, American Adventurer (note this is also listed as a separate Vendor #40 starting in 1995) and various radio spots. In addition, since October 1995, it has produced the Wayne LaPierre Radio Show at a cost of \$47,500+/month to the Association, a program that the Association does not own and, according to the Treasurer (as of 11/96), the Association has never received a dime in revenue from the show. It is interesting to note that in the September '95 report of the Membership Committee the Chair notes:

"Beginning mid-October, Wayne La Pierre has been offered a 2 hour, live, Sunday evening talk radio show on NBC Mutual Radio Network, the largest."

This might lead the average reader to assume that our EVP was offered a show, like Limbaugh or Liddy, presumably because Mr. LaPierre could command a big enough audience to draw major sponsors. *Of course, that isn't the case. What we really did was buy Wayne a radio show.* One might guess what the response of the Board would be if they were asked to approve the use of Association funds to produce and air a "vanity" radio show which was not centered around our issue, which we would not own (a point of interest should the show ever become commercially viable) and not even directly linked to the Association.

Realizing that Directors might reasonably be skeptical at the veracity of these statements we have included in this report copies of the following:

1. The Top Vendor List: Prepared by financial services, shows disbursements to vendors which exceed \$100,000 in a fiscal year '93 - '95.

2. Schedule Of Contracts and Agreements: as of 7/15/96. Prepared by the Treasurers Office.

3. Public Relations EVP Approved: Chart for 1st Qu '96 prepared by Financial Services.

4. Analysis of Public Relations - EVP - Cost Center: Report for 1995 through 8/31/95. Prepared by Financial Services Division.

5. Paid Items Status Report - This report, prepared by the Financial Services Division, lists all payments made to vendor #410035 and #1745, through our current accounts payable system.

6. Expense Analysis - This report, also prepared by the Financial Services Division, lists all invoices recorded in our accounts payable system to vendor #410035 and #1745 by account number. Please note carefully the expense categories that the invoices received from this vendor were allocated to. If you were examining expense reports, would you have been able to identify the amount of money spent with this vendor?

7. Selected Invoices - Under the Executive Committee resolution of 6/1/96, we compelled, in December of 1996, the Treasurer/CFO to give us copies of every Associated Television invoice from 1994 to current. He complied immediately. We have selected several for your review.

### Conclusions:

The material in this interim report to the Board is a fraction of the total gathered and developed over the last fourteen months. While the work performed in the Membership area in the first half of 1996 was of a positive and rewarding nature, we take no pleasure whatsoever in presenting the information regarding the failure of management to follow the most basic of business principles; have a contract, know what you're buying, if it got delivered, and what you paid for it and, of course, obey your Board of Directors.

The problem we face in reporting to the Board is one of saving the patient without killing him. This material is respectfully presented to the Board with the hope that it will provide the Board with enough information to make the unpleasant decisions required, without unduly damaging to the Association.

It is our frank opinion that were the Board functioning as a business Board of Directors, current management would have been long gone. For example, in 1994 the Finance Chairman Mr. Max Goodwin, expressed the following concerns in a letter to the President and Board:

"January 20, 1994

Mr. Robert K. Corbin, President  
The National Rifle Association of America

Dear Bob:

A serious situation has arisen in the NRA, a situation caused by management shortcomings. Some examples are:

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1. There are flaws in the financial reporting for the corporation. Tom Washington has requested better information. He has grave concern about the direction of our finances, which concerns I share.

2. The Board of Directors of the NRA, and each member of the board has a legally binding fiduciary responsibility to protect the assets of the corporation. I am sure that many members of the board believe that the Finance Committee is responsibly monitoring the control of these assets which it should be, but we have been set up for failure. We can approve the budget, but than have no control over management when the budget is grossly exceeded. We also lack input and control over the disbursement of assets. We have absolutely no authority with which to execute our legal responsibility.

3. Commitments are being made for large amounts of money and for multiple years without the approval or even knowledge of the board or the Finance Committee. Employment contracts are being executed which I do not believe are in the best interest of the NRA.

4. The disintegration of the assets of the NRA under current spending policies have eroded our future viability is cause for great concern. No alarm!

5. Being a competent manager is a profession, and being a competent manager of a \$100 million corporation requires a great deal of skill and experience. Wayne LaPierre was hired without such experience and this is **no place for on the job training**. Wayne has been put in a position for which he lacks necessary skills. I am not suggesting that Wayne must go, but we do need to acquire the right person with the appropriate skills to fill each job and build our organization accordingly. Wayne is arguably the best lobbyist and spokesperson we have seen since Harlan Carter, but promoting him to this job was much like taking your top toolmaker and making him shop supervisor. You lose your best toolmaker and gain a poor supervisor.

Because of the above, the management, the Board of Directors, and the National Rifle Association itself, all may fail. Some action must be taken to correct this situation.

I am formally requesting an executive session for discussion of the above and suggest it be among the first things on our agenda.

Max W. Goodwin  
Mesa, Colorado

cc: The Board of Directors"

The response of the Board of Directors to this heartfelt, albeit dire, warning from the former EVP of Coors Brewery, Finance Committee Chairman Max Goodwin:

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Adopted at the Board of Directors Meeting - February 5-6, 1994

**"RESOLVED. That the Board of directors of the National Rifle Association of America hereby ratifies and commends the administration of Wayne LaPierre, Executive Vice President."**

As many of you know, Mr. Goodwin resigned prior to the next Board meeting.

We believe that by applying basic business practices to the Association and adding a bit of "entrepreneurship" we can turn our financial picture around, *restore our Members, Donors and State Associations faith in the Association* and increase our political effectiveness. However, it is our belief and recommendation to the Board that two things must occur first:

1. Current leadership/management must be removed immediately.

2. The Board must become engaged and never again allow itself to forget that it is both in charge of the Association, responsible for its health and has, above all else, a fiduciary duty to its Members. These duties should not be abdicated to any Committee or Officer but reside with the Board as a whole and each Director and Officer individually as they are required to "discharge the duties of their respective positions in good faith and with that degree of diligence, care and skill which ordinarily prudent men would exercise under similar circumstances and like positions."

In addition, we strongly recommend the following structural changes to the Bylaws:

1. Knox/Ross on committee assignments. This will have the effect of reducing the politicization of Committee assignments as well as providing increased continuity.

2. Knox/Ross on the powers of the President. This would, in 10th Amendment fashion, define and limit the powers of the President to those which have been explicitly assigned by the Board.

3. Gross/Olson on the office of the Secretary. This will take the Secretary out from under the command of the EVP and make him report directly to the Board in much the same fashion as the Bylaw change regarding the Office of the Treasurer passed last fall.

4. Till/Colman on the suspension and removal of officers. The Board should clearly have the power to fire management as it sees fit. As we have seen with both the current and previous EVP, the existing Bylaw, which we're told dates back to the Harlon Carter era, makes Officers virtually unfireable. The media circus drummed up over this Bylaw change makes an eloquent case for its passage.

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5. Colman/Carone on the responsibilities of committees. We view this as the cornerstone to engaging the Board in solving the business problems of the Association. Essentially, it creates three new standing committee's which would plug some major gaps in oversight: the business affairs of ILA, the business practices of the Association, our fundraising "Development" activities and our relationship with the C3's. Additionally, it requires the Board to insure that all aspects of Association activity receive business oversight and provides a peer review process for committee's performance.

In closing, we'd like to thank the Directors and Staff who've supported our activities over the last fourteen months and, particularly the Directors who've gone out of their way in the last couple of months to support us and our work as the desperation of those who would maintain the status quo becomes obvious to all.

Respectfully,

*R. L. Carone*

Richard L. Carone, Director

*R. Colman*

Ronin Colman, Director



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			Three-Year	1995	1994	1993
No.	Vendor Number	Vendor Name	Total			
1	35475	ACKERMAN MCQUEEN	\$23,663,370	55,197,910	55,440,206	513,030,254
2	409586	U.S.A. DIRECT INC	21,191,382	5,896,425	6,928,574	8,366,883
3	409627	OPTIMA DIRECT, INC.	19,329,354	4,479,673	8,589,156	6,260,525
4	70394	GOULD PAPER	18,392,127	7,464,315	4,696,695	6,231,117
5	409244	PM CONSULTING CORP. - MAY 95	11,601,432	3,911,147	3,586,594	4,103,690
6	406229	WORLD COLOR PRESS	10,665,379	3,204,016	3,423,130	4,038,233
7	410035	ASSOCIATED TELEVISION	10,566,294	3,251,471	4,027,318	3,287,506
8	406011	POSTMASTER-COVINGTON	10,211,705	690,500	4,537,340	4,983,863
9	287202	MOORE RESPONSE MARKETING SERV.	9,704,895	4,085,239	3,332,408	2,287,249
10	86126	RIGGS NATIONAL BANK	8,739,513	0	1,490,949	7,268,563
11	391344	POSTMASTER-CAPITOL HTS.	8,538,237	3,120,950	2,675,367	2,741,920
12	19836	NRA/ILA	7,723,144	1,177,244	2,727,995	3,817,906
13	953	JAMES G. DAVIS CONTRUCTION	7,045,044	928,174	0	6,116,870
14	278378	PREFERRED LISTS	6,636,385	2,010,333	2,113,463	2,562,589
15	409913	BUSINESS MAIL EXPRESS	5,724,422	1,341,113	2,614,346	1,768,963
16	2545	POSTMASTER-DYERSBURG	5,573,110	5,573,110	0	0
17	59005	AB&C GROUP -	4,749,055	1,109,356	1,649,142	1,990,556
18	414209	SPECTOR KNAPP & BAUGHMAN LTD.	4,162,647	279,118	823,344	3,060,186
19	410074	RST MARKETING ASSOCIATES INC.	4,026,865	1,367,265	786,218	1,873,381
20	17795	KVI	7,283,132	1,296,321	2,713,377	3,268,234
21	2508	FIREARMS CLASSIC LIBRARY	3,983,937	3,983,937	0	0
22	358878	PARAMOUNT HEADWARE	3,967,113	836,538	749,271	2,381,504
23	408582	EAGLE DATA -	3,016,357	1,426,004	1,043,961	546,392
24	413460	DIRECT MAIL COMMUNICATIONS INC.	2,869,272	0	1,795,793	1,073,479
25	1328	NEW YORK LIFE -	2,509,018	1,223,862	1,085,155	0
26	415407	FIRST UNION BANK	2,196,939	2,196,939	0	0
27	238775	BLUE CROSS & BLUE SHIELD NCA	2,176,505	0	393,138	1,783,367
28	311472	POSTMASTER-BRENTWOOD D.C.	2,173,034	0	835,847	1,337,187
29	13609	DAVID CROSBY & ASSOCIATES INC.	2,139,404	815,565	646,972	676,868
30	412681	AT&T	2,134,202	1,023,064	636,088	475,049
31	1233	SKB PROCUREMENTS INC.	2,134,123	487,399	709,720	937,004
32	411155	FOX & ASSOCIATES	2,073,230	724,028	737,290	611,911
33	24953	UNITED AIRLINES	2,059,709	288,009	794,034	977,666
34	276545	POSTMASTER-GREEN BAY WI.	1,987,076	0	656,802	1,330,274
35	435	EPSILON	1,698,009	662,250	641,755	394,005
36	784	ACXIOM CORP.	1,641,621	293,218	591,780	756,622
37	327417	POSTMASTER-HERNDON	1,592,383	1,252,640	339,743	0
38	404284	LANMAN PROGRESSIVE INC.	1,583,068	0	418,289	1,164,779
39	408892	IBM CORPORATION	1,386,399	267,248	715,046	404,103
40	1745	AMERICAN ADVENTURER	1,365,000	685,000	680,000	0
41	1544	CAREY WINSTON	1,341,404	704,986	636,418	0
42	413462	POSTMASTER C/O MOORE RESPONSE	1,306,220	1,306,220	0	0
43	1542	FUTURE NOW	1,257,791	379,564	878,227	0
44	402016	INFORM BUSINESS SYSTEMS INC.	1,247,994	0	426,249	821,745
45	410556	POSTMASTER-MANCHESTER PA.	1,093,552	0	0	1,093,552
46	403712	COUNTY OF FAIRFAX	1,067,486	684,187	230,319	152,980
47	1907	REGNERY PUBLISHING	957,069	827,962	129,107	0
48	407355	R.B. BROWN & ASSOCIATES INC.	862,135	0	125,330	736,80

Top Vendors Paid in 1995, 1994 and 1993

No.	Vendor Number	Vendor Name	Three-Year Total	1995	1994	1993
49	112186	POSTAGE BY PHONE	560,000	500,000	360,000	0
50	24937	UNITED PARCEL SERVICE	346,652	0	129,980	716,672
51	68039	EXECUTIVE AUTO LEASING	345,264	399,600	263,824	131,340
52	597	EDMONDS ASSOCIATES	344,913	306,443	396,332	142,138
53	13595	DC TREASURER	340,137	231,543	195,901	362,693
54	618	AMERICAN EAGLE ASSOCIATES INC.	332,110	109,370	239,360	453,380
55	322385	EU SERVICES	799,685	121,786	333,782	344,117
56	408571	BANBURY ASSOC. LTD.	767,233	0	311,077	456,211
57	407823	BERGAMOT, INC.	717,591	236,772	193,365	237,454
58	133199	WESTLAND PRINTERS	715,912	0	271,190	444,722
59	59617	K&R INDUSTRIES	707,307	143,854	558,452	0
60	414394	COMMUNICATIONS CORP.	695,037	420,635	274,402	0
61	269425	POSTMASTER-FAIRFAX	678,705	0	218,444	460,261
62	1495	OCEAN STATE COOPERATIVE DESIGN	643,010	103,151	534,360	0
63	156574	CADWALADER, WICKERSHAM & TAFT	624,131	0	330,852	293,279
64	1298	SOUTHWEST PUBLISHING	607,905	369,259	238,646	0
65	409477	MARTECH	586,754	122,398	222,857	241,499
66	344	SHALOR DESIGNS INC.	584,206	0	0	584,206
67	411964	INTL COMPETITIONS COMMITTEE	565,295	0	0	565,295
68	316008	TCW ATF TCW REALTY FUND	545,593	206,638	132,236	156,723
69	408578	NRA	545,234	0	267,026	278,259
70	1815	THE CREATIVE GROUP	525,963	525,963	0	0
71	403652	COOPERS & LYBRAND	525,097	382,629	0	142,468
72	401767	NOVACON/GATTA MARKETING	519,646	0	346,009	173,637
73	346	HILLS, HAMRAH & ASSOCIATES INC.	510,516	0	0	510,516
74	409970	BELL ATLANTIC MERIDIAN	507,757	131,290	376,468	0
75	404157	POSTMASTER-BELTSVILLE	500,751	0	0	500,751
76	412945	AMERICAN SIGNATURE	496,834	112,322	0	384,512
77	2237	BPT	490,650	490,650	0	0
78	38164	BALMAR PRINTING & GRAPHICS	485,977	112,264	157,522	216,191
79	1017	KASTLE SYSTEMS	473,643	118,943	354,705	0
80	1563	VANCE	435,266	214,533	220,733	0
81	373524	JARBOE PRINTING CO INC.	432,321	218,532	0	213,789
82	2353	CREATIVE FORMS & SYSTEMS	432,223	432,223	0	0
83	40909	COMPUTERPRO	426,604	0	143,856	282,748
84	507	DONHE GRAPHICS INC	406,211	0	0	406,211
85	874	[REDACTED]	405,571	236,640	0	168,931
86	1121	VANTAGE TRAVEL SERVICES	405,000	0	0	405,000
87	12963	MD COMPTOLLER OF THE TREASURY	399,206	0	0	399,206
88	2925	DINERS CLUB	390,209	390,209	0	0
89	409478	PAUL NEWMAN CO.	388,449	115,802	143,931	128,716
90	652	CRAIG SHIRLEY & ASSOC.	386,099	134,568	251,531	0
91	78654	VIRGINIA DEPT OF TAXATION	383,695	0	0	383,695
92	409335	INFONET SYSTEMS INC.	382,991	98,539	119,009	165,444
93	1780	DANA POINT RESORT HOTEL	377,349	148,000	229,549	0
94	1371	DESOTO GREETINGS	352,106	0	352,106	0
95	52752	COMPUTER ASSOCIATES INTL INC.	346,896	0	179,112	167,784
96	1018	TEXEL BUSINESS COMM.	346,845	0	346,845	0

Top Vendors Paid in 1995, 1994 and 1993

Vendor		Vendor Name	Three-Year Total	1995	1994	1993
No.	Number					
97	1493	FORT KNOX SECURITY PROD.	552,858	0	552,858	0
98	1915	DECISION RESOURCE	550,451	0	550,451	0
99	2405	FLINT GRAPHICS	324,641	324,641	0	0
100	410558	PVD COMMUNICATIONS CORP.	301,428	0	0	301,428
101	302609	BT GINNS	287,646	155,311	132,335	0
102	72	US REPEATING ARMS	282,474	0	282,474	0
103	686	AMERICAP	277,446	105,047	0	172,399
104	21539	PEPCO	275,550	0	0	275,550
105	498	HIMES ASSOCIATES INC.	271,748	0	129,131	142,618
106	414217	BELL ATLANTIC VA.	270,225	118,815	151,410	0
107	834	SCHOTT INTERNATIONAL	264,782	0	0	264,782
108	414812	ARCHERY SHOOTER'S ASSOC.	260,000	120,000	140,000	0
109	410760	KETCHUM, INC.	257,266	0	0	257,266
110	412395	POSTMASTER-DALLAS	253,545	100,449	0	153,096
111	1362	LAWRENCE RESEARCH	250,216	0	250,216	0
112	412175	HIRSHORN-ZUCKERMAN	240,757	107,737	133,021	0
113	12165	CANTWELL CLEARY CO INC.	230,197	96,122	0	134,076
114	1296	ADVANTAGE	229,690	107,114	122,576	0
115	405	ANNIN & CO.	224,790	0	0	224,790
116	45593	WEBCRAFT TECHNOLOGIES	223,262	223,262	0	0
117	414220	STOUFFER RENAISSANCE W.V. HOTEL	218,290	0	0	218,290
118	355828	NATIONAL EMBLEM INC.	216,746	0	0	216,746
119	409907	POTOMAC PERSONNEL	215,159	0	215,159	0
120	413637	OUTDOOR MARKETING CONSULTANTS	214,630	0	0	214,630
121	296	TOTAL AUDIO VISUAL SERVICES	210,572	0	0	210,572
122	18368	LION BROTHERS CO INC.	202,355	0	0	202,355
123	413550	POSTMASTER-GAITHERSBURG	200,000	0	0	200,000
124	40924	SIEMENS NIXDORF INC.	191,921	0	0	191,921
125	2729	FREEDMAN, LEVY & KROLL	190,277	190,277	0	0
126	2140	DM GROUP	186,430	186,430	0	0
127	414186	TREASURER OF THE UNITED STATES	180,395	0	0	180,395
128	797	HOLIDAY INN CROWNE PLAZA	179,394	179,394	0	0
129	409900	EDWARDS BROTHERS	172,321	0	0	172,321
130	1251	COMMUNICATIONS GRAPHICS	167,434	167,434	0	0
131	410861	RESPONSE DYNAMICS	164,623	0	164,623	0
132	412715	BULLET COMMUNICATIONS INC.	163,701	0	0	163,701
133	302	STEPHEN E. STRICKMAN CO.	163,385	0	163,385	0
134	353	CARMA INTERNATIONAL	162,276	0	162,276	0
135	72389	DC DEPT OF EMPLOYMENT SERVICES	161,572	0	0	161,572
136	2707	ALDEN PRESS	160,104	160,104	0	0
137	414819	MINNEAPOLIS HILTON	159,073	0	159,073	0
138	1454	COMPUTER SPECIALISTS	157,775	157,775	0	0
139	1622	UNITED MAILING	156,432	0	156,432	0
140	343	SANFATEX INC.	154,601	0	0	154,601
141	409610	KCMS, INC.	154,373	0	0	154,373
142	485	LEE ALAN MEDIA	153,000	0	0	153,000
143	1128	ROBERT SLYE ELECTRONICS	152,552	0	152,552	0
144	753	AMERICAN LEGISLATIVE EXCHANGE	150,000	0	150,000	0

Top Vendors Paid in 1995, 1994 and 1993

No.	Vendor Number	Vendor Name	Three-Year Total	1995	1994	1993
145	2645	IMPACT CONSULTING	148,183	148,183	0	0
146	412965	PHOENIX GRAPHICS	147,165	0	147,165	0
147	413415	MEDIAMARK RESEARCH INC.	145,377	0	0	145,377
148	151629	PBCC	144,943	144,943	0	0
149	1441	DODGE-REGUPOL	141,982	0	141,982	0
150	216	OPRYLAND HOTEL	141,397	0	0	141,397
151	77	LEUPOLD & STEVENS	139,517	0	139,517	0
152	2560	NADA SERVICES	136,994	136,994	0	0
153	10413	AMERICAN EXPRESS	135,233	135,233	0	0
154	1582	TOMPKINS, MIDDLETON	133,637	0	133,637	0
155	35955	CASH-VIRGINIA TAYLOR (PETTY CASH)	132,638	0	0	132,638
156	1429	TRANSAMERICA MARKETING	132,241	0	132,241	0
157	2702	SAVANT SERVICES	132,099	132,099	0	0
158	739	JR'S FESTIVAL LAKES	127,800	127,800	0	0
159	1687	CREATIVE SIGNAGE	125,896	0	125,896	0
160	405422	KEY BRIDGE MARRIOTT	123,255	0	123,255	0
161	436	DAVID SHEPARD ASSOC.	122,956	122,956	0	0
162	276987	LUCAS BROS INC.	122,927	0	0	122,927
163	413529	PITNEY BOWES	120,790	120,790	0	0
164	412961	NEXT GENERATION INC.	119,397	0	0	119,397
165	412973	SOFTWARE 2000	117,910	117,910	0	0
166	2928	WINNER COMMUNICATIONS -	110,000	110,000	0	0
167	407981	SMELKINSON SYSCO	107,421	107,421	0	0
168	1623	INSTANT WEB	103,726	103,726	0	0
169	11533	V.H. BLACKINTON	101,692	101,692	0	0
170	2751	BOONE-CENTRAL TITLE CO.	100,000	100,000	0	0
171	2777	JARBOE TITLE	100,000	100,000	0	0
172	2637	TERRY CURLEY	94,858	94,858	0	0
TOTAL			\$299,668,072	\$88,051,580	\$91,122,340	\$120,494,152

2004-399 4350

# NATIONAL RIFLE ASSOCIATION OF AMERICA SCHEDULE OF CONTRACTS AND AGREEMENTS

UPDATED AS OF JULY 15, 1996

CONTRACT NUMBER	COMPANY NAME	PURPOSE	TOTAL JOB, PURCHASE OR TERMS	ANNUAL OR 1996 COST	DIVISION CONTACT	EFFECTIVE START DATE	EXPIRATION DATE	SIGNED BY	ACCOUNT NUMBER
<b>SERVICES</b>									
SC002	American Telecom Service	Member Authority Telecommunications	15% - 20% of Sales	Residual Fee	At Marcellin	4/9/91	Month To Month	W LaPierre	72700 41122
SC004	Blackman Corp	To re sell NRA books to dealers	60% of book's price		L Fleckenstein	9/28/93	Annual	G Martin	70110 41100
SC005	Bob Allen	License to manufacture gun cases for resale	5% of price of sales		B Hoer	11/93	273193 w/ auto renewal	R Clark	100 45201
SC006	Calidon Corp	Payroll Proc & Tax Filing - as invoiced for units processed		\$13500	B Cuhgan	4/1/91	Month To Month	W Phillips	50102 51104/30200 51101
SC007	Choice Hotels	20% Discount on Employee Hotel Stay	Recommend Choice Hotel to NRA Members	See J Duff	B Hoer	4/1/91	Month To Month	B Hoer	Various
SC008	Coopers & Lybrand	Financial Audits & Other Services as required	Extended		W Phillips	2/27/94	9/31/96	W Phillips	50120 51102/85100 51111
SC009	David Crosby & Associates	Vertical Advertising Reps TAR, TAIL, Credia Card Processor as invoiced for units processed	15% of sales		D Senesac	11/95	5/30/99	R Clark	20310 51302/20310 51310
SC010	Direct Mktg Guaranty Trust				J Duff	4/1/94	4/30/97	W Phillips	50130 58101/7182 5610
SC011	Dunbar Armored Inc	Transport funds via Armored Car to Bank		\$6,600	D Cuhgan	11/17/4	Month To Month	W Binswanger	50130 51101
SC012	Eagle Direct, Inc	Warehousing/Storage		\$144,000	T Landis	8/1/95	5/31/97	J McFalls	80871 51101
SC013	Employee Assistance Service	Employee Counseling Service Base + admin, on site consul		\$117,000	J DuPaic	3/1/95	2/28/98	R Clark	30200 56101
SC014	Executive Auto Leasing	Fleet Management	4,000 + vehicle leases		At Fay	5/1/94	Various	M Fay	Various 52101
SC016	Graphics Design Unlimited	Printing & Production Services/ Lock, Stock & Barrel		\$9,000	J DuPaic	3/15/95	Month To Month	Il Clark	30200 50213
SC017	Graphic Corporation	Car Rental Service for NRA Members	3% Royalty on rentals		At Marcellin	8/1/94	30 days notice	R Clark	Various 50101
SC018	Inverness	Maintenance Agreement for Laser Printer		\$3,000	R Thompson	5/1/95	Month To Month	R Clark	30302 51202
SC020	KVI	Member Insurance Programs - Armature & AD & D			J Duff	11/1/95	12/31/96	W LaPierre	241302/2150
SC021	National Car Rental Systems Inc	KVI to solicit insurance from NRA membership			J Duff	11/22/93	60 days notice	W Binswanger	80871 50112 45/1
SC022	Odyssey	Car Rental Service	0821/Member/month 5% of sales		M Marcellin	11/22/93		R Clark	72200 48201
SC023	Optima Direct Inc	Fearns Classics Library	Royalty, 15% & 10%age	\$250,000	W Phillips	12/13/94	12/13/97	W Phillips	13360
SC024	Pennbrook Convention Service	Solicit Memberships via telemarketing	5% of total sales		R Marcellin	9/15/94	not specified	W Phillips	Various
SC026	Peoples Bank	VISA Card	% of funds rec'd per schedule	\$50,175	E J Land	01/01/94	12/31/97	E J Land	10600 53552/10601 51501
SC027	The Reserve Fund	Membership Investment	25 basis pts / card chg & 20,000 Red		M Marcellin	12/1/94	12/31/96	R Clark	72200 41171
SC028	NRA Special Contribution Fund	License to conduct events at NRA-SCF	4% P.A. commission	\$91,998	W Phillips	8/72/90	60 Days Written Notice	J Cassidy	None 1
SC029	NRA Special Contribution Fund	NRA to be Payroll Processor for SCF Storage Facility	SCF Reimburse NRA		W LaPierre	2/14/92	Annual	W LaPierre	13170
SC030	NRA Special Contribution Fund	Pinnacle, Organize and Manage NRA's show - Opriland/Note \$3500 per month plus 25% on all net profits greater \$35,000	\$25,000 one time fee		W Phillips	10/25/97	Month To Month	J Cassidy	13170
SC031	Walace Buhfeld Productions	Printing of TAR & TAIL magazines	\$25,000 one time fee		W Phillips	09/14/93	8/15/98	W Phillips	13150
SC032	World Color Press	Inventory Storage for NRA Merchandise	\$150.00 per shipment		C Sander	12/1/95		D Rakeshaw	
SC033	Stewart Distribution Services		\$2,500,000/yr		M Fay	6/1/93	9/30/98	W Phillips	20211 51302/20311 51310
			\$2,500,000/yr		M Marcellin	7/15/96	7/14/97	M Marcellin	Various

Note: The Reserve Fund contract has not been officially terminated and no activity has been recorded since 1993

# NATIONAL RIFLE ASSOCIATION OF AMERICA SCHEDULE OF CONTRACTS AND AGREEMENTS

UPDATED AS OF JULY 16, 1996

CONTRACT NUMBER	COMPANY NAME	PURPOSE	TOTAL JOB, PURCHASE OR TERMS	ANNUAL OR 1996 COST	DIVISION OR CONTACT	EFFECTIVE START DATE	EXPIRATION DATE	SIGNED BY	ACCOUNT NUMBER
<b>REAL ESTATE</b>									
CRE001	James G Davis Const Co	Miscellaneous Renovations thru Change #1 - Fairfax	\$86,060		M Marcellin	5/1/95	Upon Completion	W Phillips, T Coffer	16120 201
CRE002	James G Davis Const Co	Build Out & Tenant Improvements thru Change #18 - Fairfax	\$9,527,491		M Marcellin	7/16/93	Upon Completion	W Phillips, M Marcellin	16120 201
CRE003	James G Davis Const Co	Firing Range & Loading Dock thru Change #12 - Fairfax	\$3,143,846		M Marcellin	5/23/94	Upon Completion	R Clark	16120 202
CRE004	James G Davis Const Co	Museum Construction - thru change #4 - Fairfax	\$400,098		M Marcellin	6/3/94	Upon Completion	M Marcellin	16120 204
CRE005	James G Davis Const Co	Renovation of Herndon Office thru Change #4	\$231,371		M Marcellin	15/95	Upon Completion	W Phillips	16130
CRE006	James G Davis Const Co	Tenant Improvements R.A. DC Office thru change #4	\$332,806		M Marcellin	6/26/91	Upon Completion	W Phillips, M Marcellin	16135
CRE007	Downtown Plaza Towers	R.A. Office Space - Sacramento, CA	\$42,300		M Marcellin	12/1/91	11/30/96	W Phillips	10700 55151
CRE008	Cold R & P Assn	Sub-Lease portion of R.A. Office Space - Sacramento	(\$5,100)		M Marcellin	12/1/91	11/30/96	W Phillips	10700 55151
CRE009	NADA (Hart Automobile Dealers Assn)	R.A. Office Space - Washington, D.C.	\$114,532		M Marcellin	2/1/95	1/31/97	T Melstka	10700 55151
CRE010	TCW AFIC/OW Realty Fund	MPS Data Entry & Adjustments - Herndon	\$185,109		C King	2/1/92	1/31/97	W Binswanger	30300 52105/30300 51118
CRE011	BRBG Companies	Publications Operation							
<b>REAL ESTATE - JENNIFER</b>									
CRE1001	Corporate Risk, Int'l	Rental Income	(\$32,436)		B Byrne	2/1/92	1/31/97	W Phillips	30510 47101
CRE1002	James Madison Mortgage Co	Rental Income	(\$195,933)		B Byrne	9/1/93	11/2/96	W Phillips	30510 47101
CRE1003	Scientific & Technical Analysis Corp	Rental Income	(\$208,425)		B Byrne	4/1/91	3/31/2001	M Marcellin	30510 47101
CRE1004	Cellular One	Lease space on road - Antenna	(\$114,400)		B Byrne	1/1/96	12/31/2001		30150 48301
<b>BUILDING OPERATIONS, EQUIPMENT MAINTENANCE &amp; RENTAL</b>									
CB0001	Bandtec Service Corp	Typewriter Service/Maintenance	\$1,700		L George	11/01/94	10/31/96	L George	30303 51701
CB0002	Bar Atlantic Meridian Systems	Telephone Maintenance	\$26,104		J Lewis Tessiner	5/12/93	12/27/96	B Byrne	30750 50503
CB0003	Boseman Janitorial, Inc	Janitorial Services at Herndon	\$16,500		C King	9/08/94	8/08/95 - Month to month	R Clark	30303 51207
CB0004	Kastle Systems, Inc	Molding & Maintenance - Fairfax Bldg	\$55,428		T Barry	10/15/93	Annual	W Phillips	30700 52104
CB0005	Kastle Systems, Inc	Molding & Maintenance - Herndon Bldg	\$4,545		T Barry	3/18/94	Annual	W Phillips	30700 52104
CB0006	P&CC	Copier Lease	\$75,004		T Madda	11/1/94	12/31/96	W Phillips	24996
CB0007	Ster Vending Co, Inc	Vending Machines at HQ & Herndon	\$16,000		K Bender	7/01/94	6/30/97	R Clark	30500 48103
CB0008	Sunbelt Hts Foliage	Plant Leasing & Maintenance	\$132,498		B Byrne	12/10/93	Month to month	M Marcellin	30510 51104
CB0009	Vance Uniformed Protection - HQ	Security Services HQ	\$83,300		J Martin	5/1/94	Month to month	W Phillips	30700 51104
CB0010	Vance Uniformed Protection - Herndon	Security Services						R Clark	30700 51104

# NATIONAL RIFLE ASSOCIATION OF AMERICA

## SCHEDULE OF CONTRACTS AND AGREEMENTS

UPDATED AS OF JULY 15, 1996

TRACT IDEN	COMPANY NAME	PURPOSE	TOTAL JOB, PURCHASE OR TERMS	ANNUAL OR 1996 COST	DIVISION CONTACT	EFFECTIVE START DATE	EXPIRATION DATE	SIGNED BY	ACCOUNT NUMBER
<b>COMPUTER RELATED CONTRACTS</b>									
340001	Acclaim Corp	Sublease GS 2000 Software		\$600,000	T Hayastse Zia	11/12/93	11/11/2001	W Phillips	16000 203
340002	Acclaim Corp	Software Maintenance		\$60,000	R Thompson	11/12/93	11/11/2001	W Phillips	16000 203
340003	Computer Associates	Licenses for CA Optimizer		\$58,000	R Thompson	6/20/95	Not Specified	J McFarls	30307 51203
340004	Computer Specialists, Inc	Maintenance Equip Hardware Maintenance		\$132,084	R Thompson	2/2/94	Month to Month	R Clark	30307 51203
340005	El Camino Hardware Ltd	Computer Equipment Replacement - Disaster Recovery		\$5,100	R Thompson	1/31/94	180 days notice	R Clark	30307 51504
340006	EMC	Lease 9121-18 memory boards	\$932.00 per month		R Thompson	11/17/94	90 days notice	R Clark	30307 51504
340007	Fuel Federal Corp	Online Storage for DataTape		\$1,500	R Thompson	12/01/94	Month to Month	W Binswanger	30307 51504
340008	IBM	Upgrade A/S 400 hardware	\$98,421		D Hastings	3/21/95	1/1/97	W Phillips	30307 51203
340009	Macie 4	Licenses for VTEAM/RTIMVS		\$12,950	R Thompson	6/20/95	Month to Month	J McFarls	30307 51203
340010	Siemens / Hudel	Hardware Maintenance - Nided System		\$6,500	R Thompson	05/20/93	1/1/97	R Clark	30307 51203
340011	Site Support Services	Inspection & Prevention Maintenance		\$1,818	U Curagan	2/1/96	Not Specified	J McFarls	30307 51203
340012	Software 2000	Licence Agreement #95-2067	\$70,080		R Thompson	8/11/95	1/2/1997	W Phillips	30307 51203
340013	Subnetworks	Licence Agreement #95-20762 1	\$1083.60 per month		R Thompson	1/1/96		J McFarls	
<b>ROUTING PROGRAM</b>									
340014	Beardth Duffin	IRA Round up program		None	M Jemison	11/30/93	10/1/98	R Clark	IRA Processess Receipts
340015	Bentley Manufacturing Inc	IRA Round up program		None	M Jemison		7/01/97	R Clark	IRA Processess Receipts
340016	Bull-X, Inc	IRA Round up program		None	M Jemison		4/20/97	R Clark	IRA Processess Receipts
340017	Callan Precision, Inc	IRA Round up program		None	M Jemison		1/20/97	R Clark	IRA Processess Receipts
340018	Firearms Inc Inc	IRA Round up program		None	M Jemison		8/28/97	R Clark	IRA Processess Receipts
340019	Food Halls Gunshop	IRA Round up program		None	M Jemison		5/02/97	R Clark	IRA Processess Receipts
340020	Jaca First Distributors, Inc	IRA Round up program		None	M Jemison		10/31/98	R Clark	IRA Processess Receipts
340021	Jones Precision Bullets, Inc	IRA Round up program		None	M Jemison		10/29/97	R Clark	IRA Processess Receipts
340022	Leck Stock & Barrel	IRA Round up program		None	M Jemison		12/7/97	R Clark	IRA Processess Receipts
340023	Midway Arms, Inc	IRA Round up program		None	M Jemison		6/03/97	R Clark	IRA Processess Receipts
340024	Midwest Bullet Co	IRA Round up program		None	M Jemison		12/7/97	R Clark	IRA Processess Receipts
340025	Past Sporting Goods, Inc	IRA Round up program		None	M Jemison		8/27/93	R Clark	IRA Processess Receipts
340026	Penn Bullets, Inc	IRA Round up program		None	M Jemison		11/03	R Clark	IRA Processess Receipts
340027	Precision Sportsman	IRA Round up program		None	M Jemison		10/1/97	R Clark	IRA Processess Receipts
340028	Rahman Felt	IRA Round up program		None	M Jemison		11/03	R Clark	IRA Processess Receipts
340029	Wilson's Gun World	IRA Round up program		None	M Jemison		11/03	R Clark	IRA Processess Receipts
<b>FINANCIAL &amp; OTHER OBLIGATIONS</b>									
340030	First Union National Bank	Building Financing	\$32,000,000		W Phillips/Duff			W Phillips	50130 56401
340031	First Union National Bank	Line of Credit	\$6,000,000 ma		W Phillips/Duff			W Phillips	50130 56401
<b>EMPLOYEE &amp; OPERATIONS RELATED</b>									
340032	Corporate Insurance	Firearms Collection - NRA Corporate Insurance	\$11,000		W Phillips	Annual	Annual	F Phillips/W Phillips	15150
340033	Equitable Life Assurance Society	Retirement Insurance/Right Hatt Bank	\$1600,000		W Phillips	8/1/77	Death of Recipient and Spouse	W Phillips	22700/100 4100
340034	Forward & Hoffman	Individual Retirement Contract	\$9,000		W Phillips			W Phillips	15150
340035	KVI	Travel & Publishers' Liability	\$35,000		W Phillips	1/1/94	Annual	W Phillips	15150
340036	KVI	Liability/Property, Boiler	\$81,844		W Phillips	4/1/94	Annual	W Phillips	15150
340037	KVI	Workers' Compensation	\$427,500		W Phillips	4/1/94	Annual	W Phillips	15150
340038	New York Life	Health Care & Flexible Spending Agreement	\$75,000		W Phillips	1/1/94	Annual	W Phillips	15150
340039	New York Life	Group Life Insurance	\$1,080,000		B McCauley	1/1/94	Annual	W Phillips	50130 50707
340040	UNUM	Disability Insurance	\$137,000		B McCauley	1/1/94	Annual	W Phillips	50130 50707
340041	UNUM	Disability Insurance	\$43,000		B McCauley	1/1/95	Annual	W Binswanger	50130 50709

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# NATIONAL RIFLE ASSOCIATION OF AMERICA

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CONTRACT NUMBER	COMPANY NAME	PURPOSE	TOTAL JOI, PURCHASE OR TERMS	ANNUAL OR 1996 CDS	DIVISION CONTACT	EFFECTIVE START DATE	EXPIRATION DATE	SIGNATORY	ACCOUNT NUMBER
<b>CONSULTING/PERSONAL SERVICES</b>									
CPSC002	Competition Randy Mochel	Consulting on Shotgun Shooting Sports		\$7,500	C. Sandler	10/1/95	9/30/98	D. Rakeshaw	40100 51103
CPSI001	Law Enforcement James Daugherty	Police Training	\$1500 per Month		C. Sandler	11/1/95	12/31/97	D. Rakeshaw	41000 51514
CPSM001	Membership Fundraising & Fin Mgt Inc	Membership Task Force		\$60,000	R. Marcano	4/30/91	Month To Month	W. LaPierre	80653 50860
CPSM002	Member Systems Monet Systems	Membership Analysis		\$240,000	R. Marcano	3/25/91	Month To Month	R. Clark	80653 50860
CPSM003	A. Michler	Membership Task Force		\$60,000	R. Marcano	5/1/91	Month To Month	W. LaPierre	80653 50860
CPSM004	PM Consulting	Membership Promotion		\$1,350,000	R. Marcano	4/1/85	12/31/99	W. LaPierre	80653 50860
CPSM005	PM Consulting	Golden Eagle Member Marketing & Retention	\$0.05 per letter piece mailed by JRA		R. Marcano	4/1/95	12/31/99	W. LaPierre	80653 50860
CPSM006	Mark Henson	Consulting & Special Events		\$40,000	M. Conigan	1/1/96	6/4/99	W. LaPierre	82999 51103
CPSM007	PM Consulting	2nd Annual Task Force Member Marketing & Retention	\$0.05 per letter piece mailed by JRA		R. Marcano	4/1/95	12/31/99	W. LaPierre	80653 51110
CPSM008	Savant Services - Edward Zick	Adviser to Membership Division		\$5,000/month	M. Conigan	3/2/95	12/31/98	J.O. McFalls	30300 51103
CPSM009	Shelley Duffy, Shober	Membership Task Force		\$10,000	R. Marcano	7/1/91	Month To Month	R. Clark	80653 50860
CPSM010	Terry Culley	Software Programming, System Analysis Programming		\$75,000/yr	W. Phillips	7/1/90	9/30/96	W. Phillips	18601 203
CPSF014	Public Relations Craig, Slaffy & Assoc Inc	Media, opinion consulting		\$81,500	M. Conigan	4/1/95	12/31/98	J.O. McFalls	82999 51103
CPSF015	Edmonds Associates, Inc	Political Campaigns, Legis, Communication & Media Matter		\$120,000	R. Marcano	2/5/95	12/31/98	J.O. McFalls	82999 51103
CPSF016	The Paul M Newman Co	Public Relations/Speech Writing		\$120,000	M. Conigan	8/1/92	Month To Month	W. LaPierre	82999 51103
CPSR002	Range Activities Giff Consulting Engineers	Firing Range Consulting Services		\$6,500	M. Marcedin	6/27/94	Completion of Range	M. Marcedin	40842 51104
CPSR004	John Saterndive Enterprises	Trick Shooter		\$25,000	W. Poodle	11/1/95	12/31/98	D. Rakeshaw	40800 51104
CPS5001	Secretary John Glubar	Provide advice & other services concerning Archery Itoun	\$600 Per Month		J. Mungold	Open	Open	E. Land	10400 51104

\* Plus Expenses  
\*\* Plus Production and Audit Costs



# NATIONAL RIFLE ASSOCIATION OF AMERICA

## SCHEDULE OF CONTRACTS AND AGREEMENTS

UPDATED AS OF JULY 15, 1996

TRACT SER	COMPANY NAME	PURPOSE	TOTAL JOB, PURCHASE OR TERM	ANNUAL OR 1996 COST	DIVISION CONTACT	EFFECTIVE START DATE	EXPIRATION DATE	SIGNED BY	ACCOUNT NUMBER
<b>EXPIRED CONTRACTS</b>									
<b>REALESTATE</b>									
209	Atlas Realty Mgmt Co	R.A. Office Rent - State College, PA		\$12,144	M. Jenkinson	1/1/95	12/31/95	M. Jenkinson	16110
210	110 Business Centers	R.A. Office Space - Washington, DC		\$9,000	M. Jenkinson	1/1/94	2/1/95	W. Phillips	
	Smully/Braden	Lease/Sale of 1600 Rhode Island Ave		\$40,000 + comm	M. Marcellin	11/1/94	12/31/95	W. Phillips	
	Locustier Ltd of Washington	Leasing of DC Congressional Hotel		(127,000)	T. Madde	8/1/94	Month to Month	R. Clark	
	The Lechin Co	Consulting re: 1600 Rhode Island Ave		\$42,000	M. Marcellin	2/28/95	not specified	M. Marcellin	
<b>BUILDING OPERATIONS, EQUIPMENT MAINTENANCE &amp; RENTAL</b>									
204	Kastla Systems, Inc	Monitoring & Maintenance - 4th Floor		\$6,012	M. Marcellin	8/21/95	upon completion	M. Marcellin	
207	Kastla Systems, Inc	Conveit "no lock" control system to "electric clock"		\$600	M. Marcellin	9/21/95	upon completion	M. Marcellin	
<b>SERVICES</b>									
019	Kalidoscope Events	Simultaneous Service for Annual Meeting		127,000	E. Land	4/1/9 - 4/21/1996	Annual	E. J. Land	
015	Goldmark Corporation	Final checks for FETA Members	1.50 Per Order		S. Stone	5/10/95	Annual	R. Clark	
033	World Travel Partners	Travel Agent	As paid by Airlines		W. Phillips	2/21/89		J. Caswell	
<b>CONSULTING/PERSONAL SERVICES</b>									
0001	Peter Leberg	Speech on Palma Story	\$100 Plus Expenses		C. Sandlet	7/7/95	2/1/95 - month to month	O. Rakestraw	
0001	Highlands Advisory Group	Astronaut with Ruston W. A. Fungal	\$10,000		P. Melberg	8/31/94	Girl is rec'd by HRAF	W. Phillips	
0001	Richard Dunn	Curriculum Package & two day workshop for Range Officer Basic Course	\$1,000		R. Friedline	8/11/95	Upon Completion	O. Rakestraw	
<b>COMPUTER RELATED CONTRACTS</b>									
10010	Michael Rubner Technical Specialists, Inc	Moddy & upgrade APIS as defined on proposal 9/19/95 PC Hardware Maintenance	\$9,200		D. Senasac J. Thrish	12/21/95 11/1/94	3/31/96 12/31/95	E. G. Bell W. Phillips	

2004-03-03 14:00:00

# NATIONAL RIFLE ASSOCIATION OF AMERICA SCHEDULE OF CONTRACTS AND AGREEMENTS

UPDATED AS OF JULY 15, 1996

CONTRACT NUMBER	COMPANY NAME	PURPOSE	TOTAL JOB PURCHASE OR TERMS	ANNUAL OR 1996 COST	DIVISION CONTACT	EFFECTIVE START DATE	EXPIRATION DATE	SIGNED BY	ACCOUNT NUMBER
CONTRACTS UNDER REVIEW - EXPIRATION DATE									
SERVICES									
CSC001 CSC003	AB & C Group Barton Corbin Sales Corp	Warehousing & Fulfillment 1995 NRA Holiday Card Program	Letter Extension @ 10% royalty on gross sales		M Marcellin M Corrigan	5/18/95	3/31/96 6/30/96	M Marcellin J McFalls	70110 41201
CONSULTING									
CPSR003 CPSW001	Bob Padridge Aminda Spaska McGovern	One of more chapters NRA Range Mammal Marketing "Helping to Use a Victim"	\$1,200 per chapter Extended by DR	\$10,000	C Sandler E Thompson	3/15/96 12/1/94	8/15/96 7/1/96	O Hakeshaw O Hakeshaw	40401 53989

ANALYSIS OF PUBLIC RELATIONS - EVP - COST CENTER 82999  
AS OF 8/31/95

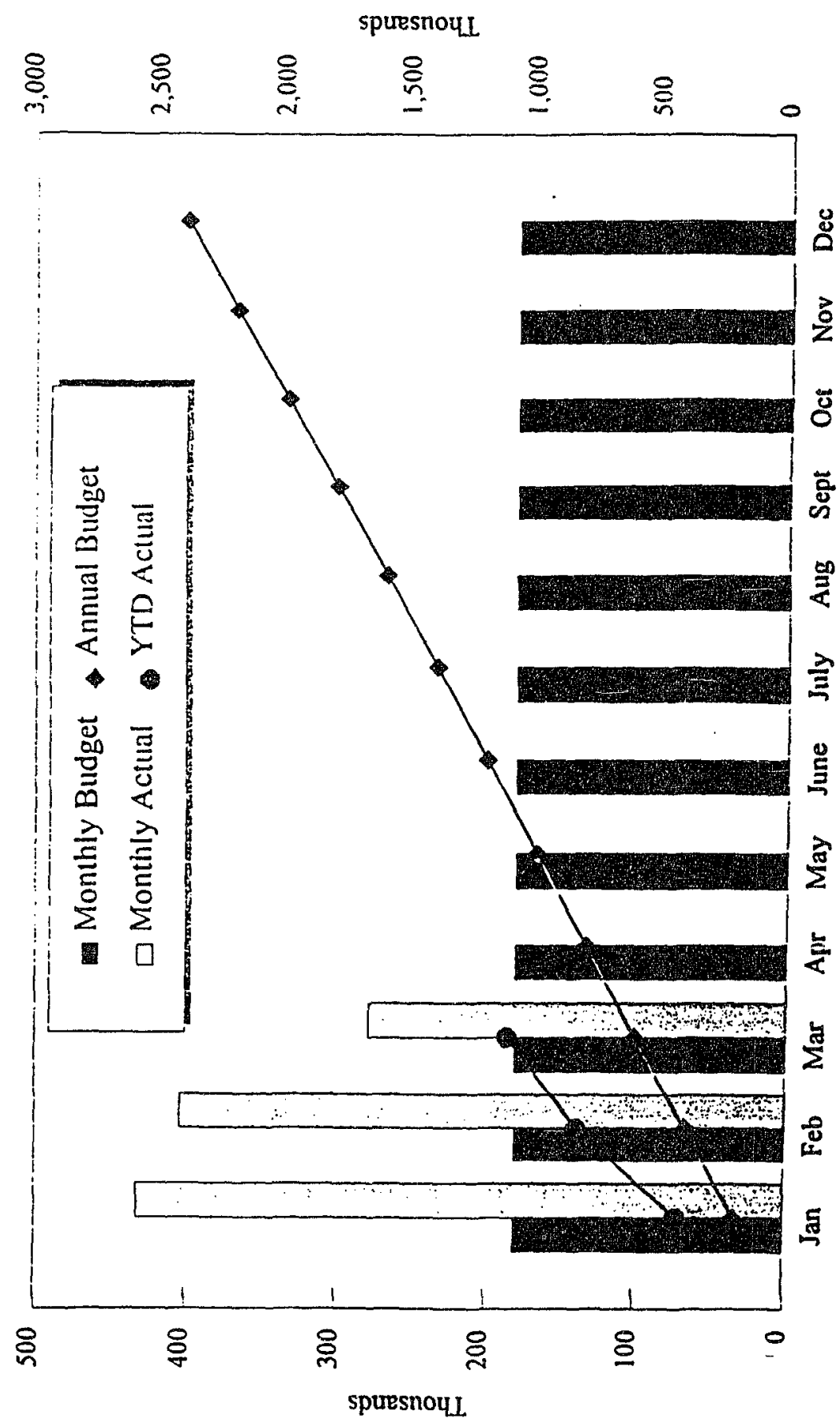
CATEGORY/VENDOR	YTD 8/31/95		FULL YEAR		
	ACTUAL	BUDGET	PROJECTION	BUDGET	VARIANCE FAVOR (UNFAV)
<b>General Promotion</b>					
<del>_____</del> Note (1)	\$90,267		\$148,320		
<del>_____</del>	14,160		14,160		
Ackerman McQueen	25,000		25,000		
Other Vendors	600		600		
<b>Total</b>	\$130,027	\$660,408	\$188,080	\$990,612	\$802,532
<b>Consulting</b>					
Dave Jones	\$25,000		\$25,000		
<b>Total</b>	\$25,000	\$0	\$25,000	\$0	(\$25,000)
<b>Media</b>					
Ackerman McQueen					
NRA/ILA Radio Show	\$51,110				
Threat TV - Waiting Periods	86,400				
ATF Advertisements	148,143				
Refuse to be a Victim	2,124				
Annual Meeting	20,000				
<del>Under Wild Skies - Amortized</del> Note (1)	240,000		360,000		
Comcast Cable/Continental/Mid Atlantic	10,084				
TAR/TAH Cover/Features	38,072				
Miscellaneous Media	4,135				
	\$600,068		324,593		
Associated Television					
Video/Audio Storage - \$1,132/month	\$9,056		\$13,584		
Weekend Network Radio Sched - \$12,885/month	115,965				
NBC/Radio - LaPierre	47,500		237,500		
<del>Network Radio Spots - Amortized</del> Note (1)	56,667		85,000		
Network Radio Spots	221,825				
Primetime Saturday TV Spot	47,529		47,529		
Super Bowl Spots	60,000				
American Hunter - ESPN Sports	360,000				
NFL Football	285,000		570,000		
	\$1,203,542		724,568		
<del>American Adventurer - Amortized</del> Note (1)	458,668		685,000		
<del>Destiny - Amortized</del> Note (1)	25,334		38,000		
Other Vendors	26		200,000		
<b>Total</b>	\$2,285,636	\$480,000	\$3,285,774	\$840,000	(\$2,845,774)
<b>Production</b>					
<del>Ackerman McQueen - Amortized</del> Note (1)	\$96,046		\$144,069		
Ackerman McQueen	23,293		23,293		
Winner Communications-Best of "Under Wild Skies"	97,625		97,625		
American Hunter - Production	0		290,000		
<b>Total</b>	\$218,964	\$0	\$554,987	\$0	(\$554,987)
<b>Audio/Visual</b>					
Ackerman McQueen	\$82,620		\$82,620		
Associated Television - Video/Audio Storage Note (2)	1,132		0		
<b>Total</b>	\$83,752	\$60,000	\$82,620	\$60,000	\$7,372
<b>Advertising &amp; Promotion</b>					
Lexington Cnty Sheriff's Dept	\$4,000				
Core	10,000				
Ackerman McQueen	776				
<b>Total</b>	\$14,776	\$0	\$14,776	\$0	(\$14,776)

20 "04" 339,435



Monthly Trend - Actual to Budget Results

1996



Public Relations - EVP Approved

Total Budget - \$2,166,300 YTD Variance - \$573,601 (unfavorable)

**ANALYSIS OF PUBLIC RELATIONS - EVP - COST CENTER 82999**  
**AS OF 8/31/95**

CATEGORY/VENDOR		YTD 8/31/95	
		ACTUAL	BUDGET
Megashoot - Program 4626	Note (3)		
	Entry Fees	(\$52,068)	
	Remington Arms Company	\$5,517	
	Megashoot	15,508	
	On-Site Productions, Inc	612	
	Impact Consulting Grp-L/D Acquisition	10,352	
	Impact Consulting Grp-Postage & Ship	3,508	
	Impact Consulting Grp-BRE Postage	500	
	Total	(\$16,070)	\$0
Heston - Program 4627			
	Ackerman McQueen	\$65,229	
	RST Marketing Associates	\$9,500	
	T. Makris	12,536	
	Total	\$87,265	\$0
Book Tour - 4628			
	Ackerman McQueen	\$93,671	
	C.F. Motor Freight	546	
	Total	\$94,217	\$0
Total Activity for Public Relations - EVP		\$2,921,568	\$1,200,408
Costs Transferred to Special Unbudgeted Activity (Bush Letter/Crisis Management)	Note (4)	692,602	
Cash Receipts from Aristotle	Note (4)	(18,954)	
Total Per August Report		\$3,595,216	\$1,200,408

FULL YEAR			VARIANCE
PROJECTION	BUDGET		FAVOR (UNFAVOR)
\$0	\$0		
\$100,000	\$0		(\$100,000)
\$100,000	\$0		(\$100,000)
\$4,351,237	\$1,720,812		(\$2,630,425)
\$4,351,237	\$1,720,812		(\$2,630,425)

- Note (1) Invoices were originally recorded to Prepaid Expenses. The costs are spread (amortized) throughout 1995.  
 Note (2) Video/Audio Storage to be reclassified to 51402 in September 1995  
 Note (3) Event is projected to break-even.  
 Note (4) To be reclassified to Special Unbudgeted Activities

5716SS1 V3R6H0 950929      Print Key Output      NRA      09/12/96

Display Device : : : : : NW2N016S1  
User : : : : : JIM

9/12/96 13:55:32 PAID ITEMS STATUS REPORT . . . . . APGJC50      APDJC50  
Vendor +      410035 ASSOCIATED TELEVISION INTL.      From 0/00/00 To 0/00/00  
MULTIPLE CONDITIONS AND MASKINGS (\*) PERMITTED

Company +      Approval Code  
Co. Group      Batch Number  
Factor +      Critical Level  
Route Code      From / To check dates  
Credit Card or Utility Meter No# +      From 010193  
To 091296

EACH OF THESE SELECTIONS YIELDS A REPORT  
Regular Vouchers      Pre Paid Vouchers  
One-Time Vendor Vouchers      Part Paid Vouchers Only  
Adjusted Vouchers      Held Vouchers  
Reversed Vouchers      Vouchers Pending Litigation  
Recurring Entry Vouchers      Double Reversed Vouchers  
F3= Exit      F4= Display      Blank for all



APGPB500  
9/12/96

PAID ITEMS REPORT

Accounted Television

INVOICE NUMBER	INVOICE DATE	VOUCHER NUMBER	GROSS AMOUNT	DISCOUNT TAKEN	AMOUNT PAID	DATE	H E C K	VOUCHER TYPE
ASSOCIATED TELEVISION INTL.								
> VENDOR: 410035								
9403254	8/01/94	001-1994-08-02721	11,880.00	.00	11,880.00	8/30/94	RIREG	297892
9404862	8/01/94	001-1994-08-02722	11,883.00	.00	11,883.00	8/30/94	RIREG	297893
4042000	5/01/94	001-1994-08-02978	11,883.00	.00	11,883.00	9/06/94	RIREG	298086
4042395	6/01/94	001-1994-08-02980	11,883.00	.00	11,883.00	9/06/94	RIREG	298087
4042781	6/02/94	001-1994-08-02984	11,883.00	.00	11,883.00	9/06/94	RIREG	298088
4047449	7/01/94	001-1994-08-02986	11,883.00	.00	11,883.00	9/06/94	RIREG	298089
9401200	3/01/94	001-1994-08-02988	11,880.00	.00	11,880.00	9/06/94	RIREG	298090
9401250	4/01/94	001-1994-08-02989	11,880.00	.00	11,880.00	9/06/94	RIREG	298091
9401324	5/01/94	001-1994-08-02990	11,880.00	.00	11,880.00	9/06/94	RIREG	298092
9401375	6/01/94	001-1994-08-02991	11,880.00	.00	11,880.00	9/06/94	RIREG	298093
9403071	7/01/94	001-1994-08-02992	11,880.00	.00	11,880.00	9/06/94	RIREG	298094
613122	8/08/94	001-1994-08-02993	41,779.00	.00	41,779.00	9/06/94	RIREG	298095
0373901	8/08/94	001-1994-08-02994	38,800.00	.00	38,800.00	9/06/94	RIREG	298096
9414165	9/12/94	001-1994-09-01889	11,880.00	.00	11,880.00	10/04/94	RIREG	300307
4056914	9/12/94	001-1994-09-01895	11,883.00	.00	11,883.00	10/04/94	RIREG	300308
04552	9/19/94	001-1994-09-02593	456,000.00	.00	456,000.00	10/03/94	SPRIG	1138 PRE
9401492	6/02/94	001-1994-10-00166	11,880.00	.00	11,880.00	10/13/94	RIREG	301230
9426331	10/14/94	001-1994-10-01125	11,880.00	.00	11,880.00	10/18/94	RIREG	301887
4072961	10/14/94	001-1994-10-01181	11,883.00	.00	11,883.00	10/18/94	RIREG	301888
9429879	11/08/94	001-1994-11-02548	11,880.00	.00	11,880.00	11/08/94	RGMAN	34661 PRE
4078206	11/08/94	001-1994-11-02549	11,883.00	.00	11,883.00	11/08/94	RGMAN	34662 PRE
0414951	4/19/94	001-1994-11-02613	285,000.00	.00	285,000.00	12/01/94	BGRIG	2784
9429880	10/20/94	001-1994-11-02614	87,500.00	.00	87,500.00	12/01/94	BGRIG	2785
9431991	10/21/94	001-1994-11-02615	34,485.41	.00	34,485.41	12/01/94	RIREG	304967
4183201	12/05/94	001-1994-12-00120	11,883.00	.00	11,883.00	12/13/94	RIREG	305390
9632941	12/05/94	001-1994-12-00122	11,880.00	.00	11,880.00	12/13/94	RIREG	305391
6198772	12/07/94	001-1994-12-00512	172,000.00	.00	172,000.00	12/16/94	BGRIG	2833
COMPANY: 001 TOTAL:			7,314,823.58 *	.00				
COMPANY: 005 CURRENCY: USD								
9831001	1/10/95	005-1995-01-00427	525,000.00	.00	525,000.00	1/10/95	FIRST	521 PRE
4205222	1/19/95	005-1995-01-00790	11,883.00	.00	11,883.00	1/19/95	FIRST	753 PRE
9840023	1/19/95	005-1995-01-00791	11,880.00	.00	11,880.00	1/19/95	FIRST	754 PRE
BROADCAST SATELLITE								
98782	2/15/95	005-1995-02-00376	11,883.00	.00	11,883.00	2/16/95	FIRST	2636
98543	2/21/95	005-1995-02-01823	2,264.00	.00	2,264.00	3/02/95	FIRST	3734
98784	1/17/95	005-1995-02-01824	9,344.00	.00	9,344.00	3/02/95	FIRST	3735
98637	2/21/95	005-1995-02-01825	12,885.00	.00	12,885.00	3/02/95	FIRST	3736
98785	1/20/95	005-1995-02-01826	12,885.00	.00	12,885.00	3/02/95	FIRST	3737
98785	2/20/95	005-1995-02-01827	23,698.00	.00	23,698.00	3/02/95	FIRST	3738
98504	1/04/95	005-1995-02-01832	7,895.00	.00	7,895.00	3/02/95	FIRST	3739
421028	2/24/95	005-1995-03-00084	60,000.00	.00	60,000.00	6/22/95	FIRST	11111
98795	3/06/95	005-1995-03-02462	1,132.00	.00	1,132.00	4/04/95	FIRST	5988
4210120	3/06/95	005-1995-03-02463	11,883.00	.00	11,883.00	4/04/95	FIRST	5989
98796	3/06/95	005-1995-03-02464	12,885.00	.00	12,885.00	4/04/95	FIRST	5990
98822	3/02/95	005-1995-03-02465	1,956.00	.00	1,956.00	4/04/95	FIRST	5991
98821	3/14/95	005-1995-03-02466	12,750.00	.00	12,750.00	4/04/95	FIRST	5992
98820	3/01/95	005-1995-03-02482	85,000.00	.00	85,000.00	6/22/95	FIRST	11112
98824	4/07/95	005-1995-04-00087	1,132.00	.00	1,132.00	4/11/95	FIRST	6281
98823	4/07/95	005-1995-04-00089	12,885.00	.00	12,885.00	4/11/95	FIRST	6282
98901	4/13/95	005-1995-04-01044	100,000.00	.00	100,000.00	5/11/95	FIRST	8576 ADJ
98955	5/01/95	005-1995-05-00068	1,132.00	.00	1,132.00	5/11/95	FIRST	8577
98956	5/01/95	005-1995-05-00069	12,885.00	.00	12,885.00	5/11/95	FIRST	8578



COPIES OF THIS REPORT

PAID ITEMS REPORT

APGPB500 9/12/96  
APTPB500 13:55:48

*Associated Television*

INVOICE NUMBER	INVOICE DATE	VOUCHER NUMBER	GROSS AMOUNT	DISCOUNT TAKEN	AMOUNT PAID	DATE	ACCT	VOUCH NUMBER	VOUCH TYPE
VENDOR: 410035 ASSOCIATED TELEVISION INTL.									
98901	4/13/95	005-1995-05-00322	150,000.00	.00	150,000.00	5/18/95	FIRST	8891	
98958	5/11/95	005-1995-05-00564	1,132.00	.00	1,132.00	5/16/95	FIRST	8777	
98957	5/11/95	005-1995-05-00722	12,885.00	.00	12,885.00	5/18/95	FIRST	8892	
23498	4/04/95	005-1995-05-02173	180,000.00	.00	180,000.00	6/29/95	FIRST	12049	
23644	5/01/95	005-1995-05-02174	100,000.00	.00	100,000.00	8/17/95	FIRST	15351	ADJ
98960	6/08/95	005-1995-06-02364	12,885.00	.00	12,885.00	6/29/95	FIRST	12050	
98961	6/08/95	005-1995-06-02365	1,132.00	.00	1,132.00	6/29/95	FIRST	12051	
99004	5/12/95	005-1995-06-02729	138,000.00	.00	138,000.00	7/25/95	FIRST	13813	
99001	4/02/95	005-1995-06-02751	38,000.00	.00	38,000.00	7/05/95	FIRST	12173	
99002	5/02/95	005-1995-06-02752	38,000.00	.00	38,000.00	7/05/95	FIRST	12174	
199006	5/22/95	005-1995-06-02753	11,800.00	.00	11,800.00	7/05/95	FIRST	12175	
99005	5/15/95	005-1995-06-02980	37,886.49	.00	37,886.49	7/07/95	FIRST	12398	
99003	6/02/95	005-1995-06-02982	36,000.00	.00	36,000.00	7/07/95	FIRST	12399	
98962	7/10/95	005-1995-07-01483	12,885.00	.00	12,885.00	8/01/95	FIRST	14078	
9904	7/03/95	005-1995-07-01498	38,000.00	.00	38,000.00	8/01/95	FIRST	14079	
89863	7/10/95	005-1995-07-01499	1,132.00	.00	1,132.00	8/01/95	FIRST	14080	
98972	7/25/95	005-1995-08-00050	6,321.90	.00	6,321.90	8/10/95	FIRST	15071	
23644	5/01/95	005-1995-08-00745	80,000.00	.00	80,000.00	8/31/95	FIRST	15861	
98965	8/03/95	005-1995-08-00828	1,132.00	.00	1,132.00	8/25/95	FIRST	15585	
98964	8/03/95	005-1995-08-00832	12,885.00	.00	12,885.00	8/25/95	FIRST	15586	
9905	8/03/95	005-1995-08-00834	38,000.00	.00	38,000.00	8/25/95	FIRST	15587	
35001	8/11/95	005-1995-08-01035	11,207.86	.00	11,207.86	8/25/95	FIRST	15588	
35000	8/11/95	005-1995-08-01035	11,471.00	.00	11,471.00	8/25/95	FIRST	15589	
99004	8/11/95	005-1995-08-01037	47,500.00	.00	47,500.00	9/12/95	FIRST	17015	
23497	4/03/95	005-1995-08-01113	105,000.00	.00	105,000.00	8/31/95	FIRST	15862	ADJ
23497	4/03/95	005-1995-08-01113	180,000.00	.00	180,000.00	3/21/96	FIRST	28545	
98966	9/04/95	005-1995-09-01892	12,885.00	.00	12,885.00	10/11/95	FIRST	18467	
9906	9/03/95	005-1995-09-01893	38,000.00	.00	38,000.00	10/05/95	FIRST	18339	
99005	9/03/95	005-1995-09-01894	47,500.00	.00	47,500.00	10/11/95	FIRST	18468	
98967	9/04/95	005-1995-09-01895	1,132.00	.00	1,132.00	10/05/95	FIRST	18340	
25000	9/26/95	005-1995-10-00026	290,000.00	.00	290,000.00	10/13/95	FIRST	18583	
9907	10/16/95	005-1995-10-00085	38,000.00	.00	38,000.00	10/13/95	FIRST	18584	
1016-2	10/16/95	005-1995-10-01103	11,407.37	.00	11,407.37	10/26/95	FIRST	19965	
AH12933	2/03/94	005-1995-10-01318	117,000.00	.00	117,000.00	6/20/96	FIRST	34884	
98969	10/04/95	005-1995-11-00076	1,132.00	.00	1,132.00	11/07/95	FIRST	20546	
98968	10/04/95	005-1995-11-00077	12,885.00	.00	12,885.00	11/07/95	FIRST	20547	
99007	10/03/95	005-1995-11-00201	47,500.00	.00	47,500.00	11/09/95	FIRST	20794	
25003	10/26/95	005-1995-11-00765	195,000.00	.00	195,000.00	11/22/95	FIRST	21199	
9908	11/03/95	005-1995-11-00766	38,000.00	.00	38,000.00	11/22/95	FIRST	21200	
25002	12/12/95	005-1995-12-00297	200,000.00	.00	200,000.00	12/12/95	FIRST	22532	
25001	12/10/95	005-1995-12-00298	150,000.00	.00	150,000.00	12/12/95	FIRST	22533	
98971	12/04/95	005-1995-12-00301	1,132.00	.00	1,132.00	12/14/95	FIRST	22658	
98970	11/03/95	005-1995-12-00302	12,885.00	.00	12,885.00	12/14/95	FIRST	22659	
96975	12/04/95	005-1995-12-00303	12,885.00	.00	12,885.00	1/02/96	FIRST	23088	
9909	12/03/95	005-1995-12-00304	38,000.00	.00	38,000.00	12/14/95	FIRST	22660	
99009	12/04/95	005-1995-12-00305	47,500.00	.00	47,500.00	12/19/95	FIRST	22732	
99008	11/03/95	005-1995-12-00306	47,500.00	.00	47,500.00	1/03/96	FIRST	23114	
9910	1/02/96	005-1996-01-00113	38,000.00	.00	38,000.00	1/18/96	FIRST	24476	
98976	1/02/96	005-1996-01-00114	1,817.00	.00	1,817.00	1/18/96	FIRST	24477	
98977	1/15/96	005-1996-01-00152	12,885.00	.00	12,885.00	1/23/96	FIRST	24630	
99010	1/15/96	005-1996-01-00153	47,500.00	.00	47,500.00	1/23/96	FIRST	24631	



APCRB134  
9/12/96APTRB134  
14:18:04COMPANY: 001  
NATIONAL RIFLE ASSOCIATION  
VENDOR: 410035  
ASSOCIATED TELEVISION INTL.

CURRENCY: USD

ACCOUNT NUMBER	VENDOR NO.	VENDOR NAME	ACCOUNT NAME	INVOICE NUMBER	INVOICE DATE	FACTOR	VCH CUR	VCHR CURRENCY	HOME CURRENCY
001-0010100-0000899	410035	ASSOCIATED TELEVISION INT	Other	156231	6/09/94				350,000.00 *
001-1994-06-01748				ACCOUNT TOTAL:					350,000.00 *
001-0010200-0000899	410035	ASSOCIATED TELEVISION INT	Other	999444	7/07/93				15,922.00 *
001-1993-07-02280				ACCOUNT TOTAL:					15,922.00 *
001-0080630-0000030	410035	ASSOCIATED TELEVISION INT	Promotion	0414940	4/22/94				15,150.00
001-1994-04-00659				ACCOUNT TOTAL:					25,850.00 *
001-1994-04-00661				ACCOUNT TOTAL:					25,850.00 *
001-0080630-0000899	410035	ASSOCIATED TELEVISION INT	Other	9405613	1/28/94				5,190.00
001-1994-02-03483				ACCOUNT TOTAL:					1,783.19
001-1994-02-03484				ACCOUNT TOTAL:					3,876.00
001-1994-03-01121				ACCOUNT TOTAL:					10,849.19 *
001-0080635-0000030	410035	ASSOCIATED TELEVISION INT	Promotion	0414940	4/22/94				25,850.00 *
001-1994-04-00659				ACCOUNT TOTAL:					25,850.00 *
001-0080635-0000899	410035	ASSOCIATED TELEVISION INT	Other	4054152	3/11/94				11,883.00
001-1994-03-01122				ACCOUNT TOTAL:					11,883.00 *
001-0080645-0865002	410035	ASSOCIATED TELEVISION INT	TV Production	102993	10/15/93				8,456.91
001-1993-11-02383				ACCOUNT TOTAL:					8,456.91 *
001-0080645-0865003	410035	ASSOCIATED TELEVISION INT	TV Time	801542	6/17/93				100,000.00 *
001-1993-06-00899				ACCOUNT TOTAL:					100,000.00 *
001-0080645-0865009	410035	ASSOCIATED TELEVISION INT	Prospecting	628/94	6/28/94				13,841.25
001-1994-06-02163				ACCOUNT TOTAL:					23,611.73
001-1994-06-02164				ACCOUNT TOTAL:					20,700.18
001-1994-06-02412				ACCOUNT TOTAL:					25,447.05
001-1994-06-02413				ACCOUNT TOTAL:					83,600.21 *
001-0080645-0865601	410035	ASSOCIATED TELEVISION INT	Premiums	121293	10/20/93				1,560.00
001-1993-11-00233				ACCOUNT TOTAL:					1,560.00 *
001-0080660-0866201	410035	ASSOCIATED TELEVISION INT	Renewal Printing-NRA	628/94	6/28/94				13,841.25
001-1994-06-02163				ACCOUNT TOTAL:					23,611.73
001-1994-06-02164				ACCOUNT TOTAL:					23,611.73

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User . . . . . : JIM

9/12/96 14:17:05 PRINT EXPENSE ANALYSIS . . . . . AFGJC50 APDJC50

Company Accounting Group +  
Co Group Expensed Currency  
Expensed Month/Year ( 0-Summary 1-Detail ) 1

VENDOR ORIENTED EXPENSE ANALYSIS

Vendor + 410035 ASSOCIATED TELEVISION INTL. Vendor Category +  
Factor + Employee Number  
Master + Alternate Vendor +

DISTRIBUTION ORIENTED EXPENSE ANALYSIS

Account Job Code Purchase Order #  
+ +

F3= Exit F4= Display Blank for all



## EXPENSE ANALYSIS BY VENDOR

PAGE 2

APCRB134  
9/12/96  
14:18:04COMPANY: 001  
VENDOR: 410035  
NATIONAL RIFLE ASSOCIATION  
ASSOCIATED TELEVISION INTL.

CURRENCY: USD

ACCOUNT NUMBER VOUCHER NUMBER	VENDOR NO.	VENDOR NAME	ACCOUNT NAME	INVOICE NUMBER	INVOICE DATE	FACTOR	VCH CUR	VCHR CURRENCY	HOME CURRENCY
001-0080660-0866201			Renewal Printing-NRA						
001-1994-06-02412	410035	ASSOCIATED TELEVISION	INT 6061251		6/29/94				20,700.19
001-1994-06-02413	410035	ASSOCIATED TELEVISION	INT 6060250		6/27/94				25,447.04
				ACCOUNT TOTAL:					83,600.21 *
001-0080696-0896104			Other Radio Announcements						
001-1993-01-00959	410035	ASSOCIATED TELEVISION	INT 12792		12/08/92				83,333.33
001-1993-01-00960	410035	ASSOCIATED TELEVISION	INT 999340		1/04/93				66,666.67
001-1993-06-02979	410035	ASSOCIATED TELEVISION	INT 060193		6/01/93				240,000.00
001-1993-08-02151	410035	ASSOCIATED TELEVISION	INT 718213		7/02/93				20,416.63
001-1993-11-00207	410035	ASSOCIATED TELEVISION	INT 110293		10/28/93				4,200.00
001-1993-11-00229	410035	ASSOCIATED TELEVISION	INT 100893		10/08/93				12,920.00
001-1994-01-00205	410035	ASSOCIATED TELEVISION	INT 0110494		1/04/94				2,240.15
001-1994-01-00206	410035	ASSOCIATED TELEVISION	INT 0110594		1/04/94				4,863.00
001-1994-02-00051	410035	ASSOCIATED TELEVISION	INT 094011321		2/01/94				9,435.50
001-1994-02-03172	410035	ASSOCIATED TELEVISION	INT 3614152		3/01/94				4,897.00
001-1994-03-001118	410035	ASSOCIATED TELEVISION	INT 4041942		3/02/94				6,973.47
				ACCOUNT TOTAL:					455,945.75 *
001-0080696-0896107			Radio-Rush Limbaugh						
001-1993-05-02073	410035	ASSOCIATED TELEVISION	INT 785490		5/05/93				385,000.00
001-1993-12-03283	410035	ASSOCIATED TELEVISION	INT 9401153		12/21/93				11,880.00
001-1994-02-03173	410035	ASSOCIATED TELEVISION	INT 9401168		1/04/94				11,880.00
				ACCOUNT TOTAL:					408,760.00 *
001-0080696-0896111			Golden Eagles						
001-1993-12-03281	410035	ASSOCIATED TELEVISION	INT 931103		12/10/93				1,215.95
001-1993-12-03283	410035	ASSOCIATED TELEVISION	INT 931404		12/14/93				28,500.00
001-1994-02-02884	410035	ASSOCIATED TELEVISION	INT 020115480		2/27/94				37,500.00
001-1994-03-00445	410035	ASSOCIATED TELEVISION	INT 4041941		3/08/94				190,000.00
001-1994-09-01895	410035	ASSOCIATED TELEVISION	INT 4056914		9/12/94				11,883.00
001-1994-11-02549	410035	ASSOCIATED TELEVISION	INT 4078206		11/08/94				5,941.50
001-1994-12-00120	410035	ASSOCIATED TELEVISION	INT 4183201		12/05/94				5,941.50
001-1994-12-00512	410035	ASSOCIATED TELEVISION	INT 6398772		12/07/94				86,000.00
				ACCOUNT TOTAL:					372,923.45 *
001-0080696-0896112			Second Amendment Task Force						
001-1993-12-03282	410035	ASSOCIATED TELEVISION	INT 931203		12/12/93				1,936.00
001-1994-02-02884	410035	ASSOCIATED TELEVISION	INT 020115480		2/27/94				190,000.00
001-1994-05-02339	410035	ASSOCIATED TELEVISION	INT 0525.94		5/25/94				700,000.00
001-1994-08-02714	410035	ASSOCIATED TELEVISION	INT 80804		7/22/94				8,367.13
001-1994-08-02715	410035	ASSOCIATED TELEVISION	INT 808103		7/18/94				3,727.63
001-1994-08-02716	410035	ASSOCIATED TELEVISION	INT 808102		7/14/94				2,252.82
001-1994-08-02717	410035	ASSOCIATED TELEVISION	INT 808105		7/11/94				2,100.00
001-1994-08-02718	410035	ASSOCIATED TELEVISION	INT 808001		7/20/94				31,247.00
001-1994-08-02719	410035	ASSOCIATED TELEVISION	INT 880102		7/06/94				42,526.00
001-1994-08-02720	410035	ASSOCIATED TELEVISION	INT 078430		7/27/94				31,069.00
001-1994-08-02721	410035	ASSOCIATED TELEVISION	INT 9403254		8/01/94				11,880.00

Note Inquire

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EXPENSE ANALYSIS BY VENDOR

APGRB134  
9/12/96  
14:18:04

COMPANY: 001 NATIONAL RIFLE ASSOCIATION CURRENCY: USD

VENDOR: 410035 ASSOCIATED TELEVISION INTL.

ACCOUNT NUMBER	VENDOR NO.	VENDOR NAME	ACCOUNT NAME	INVOICE NUMBER	INVOICE DATE	FACTOR	VCH CUR	VCHR CURRENCY	HOME CURRENCY
001-1000190-1019102-00200	410035	ASSOCIATED TELEVISION INT	Deferred Charges-Other		8/12/94				350,000.00
001-1994-08-01595					ACCOUNT TOTAL:				350,000.00 *
001-1000190-1019109			Films		11/16/93				15,447.00
001-1993-12-01193					ACCOUNT TOTAL:				15,447.00 *
			COMPANY		TOTAL:				7,314,823.58 *





20 "04" 399,4370

EXPENSE ANALYSIS BY VENDOR

APCRB134  
9/12/96

CURRENCY: USD

NATIONAL RIFLE ASSOCIATION

ASSOCIATED TELEVISION INTL.

COMPANY: 005

ACCOUNT NUMBER VOUCHER NUMBER	VENDOR NO.	VENDOR NAME	ACCOUNT NAME	INVOICE NUMBER	INVOICE DATE	FACOR	VCH CUR	VCHR CURRENCY	HOME CURRENCY
005-0082999-0051402			Media						
005-1995-02-01823	410035	ASSOCIATED	TELEVISION	INT 98782	2/21/95				2,264.00
005-1995-02-01824	410035	ASSOCIATED	TELEVISION	INT 98543	1/17/95				9,344.00
005-1995-02-01825	410035	ASSOCIATED	TELEVISION	INT 98784	2/21/95				12,885.00
005-1995-02-01826	410035	ASSOCIATED	TELEVISION	INT 98637	1/20/95				12,885.00
005-1995-02-01832	410035	ASSOCIATED	TELEVISION	INT 98504	1/04/95				7,895.00
005-1995-03-00084	410035	ASSOCIATED	TELEVISION	INT 421028	2/24/95				60,000.00
005-1995-03-02462	410035	ASSOCIATED	TELEVISION	INT 98795	3/06/95				1,132.00
005-1995-03-02463	410035	ASSOCIATED	TELEVISION	INT 421020	3/06/95				11,883.00
005-1995-03-02464	410035	ASSOCIATED	TELEVISION	INT 98796	3/06/95				12,885.00
005-1995-03-02465	410035	ASSOCIATED	TELEVISION	INT 98822	3/02/95				1,956.00
005-1995-03-02466	410035	ASSOCIATED	TELEVISION	INT 98821	3/14/95				12,750.00
005-1995-03-02482	410035	ASSOCIATED	TELEVISION	INT 98820	3/01/95				85,000.00
005-1995-04-00089	410035	ASSOCIATED	TELEVISION	INT 98823	4/07/95				12,885.00
005-1995-05-00069	410035	ASSOCIATED	TELEVISION	INT 98956	5/01/95				12,885.00
005-1995-05-00564	410035	ASSOCIATED	TELEVISION	INT 98958	5/11/95				1,132.00
005-1995-05-00722	410035	ASSOCIATED	TELEVISION	INT 98957	5/11/95				12,885.00
005-1995-05-02173	410035	ASSOCIATED	TELEVISION	INT 23498	5/11/95				180,000.00
005-1995-05-02174	410035	ASSOCIATED	TELEVISION	INT 23644	5/01/95				180,000.00
005-1995-05-02174	410035	ASSOCIATED	TELEVISION	INT 23644	5/01/95				80,000.00
005-1995-06-02751	410035	ASSOCIATED	TELEVISION	INT 99001	5/02/95				38,000.00
005-1995-06-02752	410035	ASSOCIATED	TELEVISION	INT 99002	5/02/95				38,000.00
005-1995-06-02982	410035	ASSOCIATED	TELEVISION	INT 99003	6/02/95				12,885.00
005-1995-07-01483	410035	ASSOCIATED	TELEVISION	INT 98962	7/10/95				38,000.00
005-1995-07-01498	410035	ASSOCIATED	TELEVISION	INT 99004	7/03/95				38,000.00
005-1995-08-00745	410035	ASSOCIATED	TELEVISION	INT 23644	5/01/95				80,000.00
005-1995-08-00832	410035	ASSOCIATED	TELEVISION	INT 98964	8/03/95				12,885.00
005-1995-08-00834	410035	ASSOCIATED	TELEVISION	INT 99005	8/03/95				38,000.00
005-1995-08-01037	410035	ASSOCIATED	TELEVISION	INT 99004	8/11/95				47,500.00
005-1995-08-01113	410035	ASSOCIATED	TELEVISION	INT 23497	4/03/95				285,000.00
005-1995-08-01113	410035	ASSOCIATED	TELEVISION	INT 23497	4/03/95				180,000.00
005-1995-08-01662	410035	ASSOCIATED	TELEVISION	INT 23497	4/03/95				180,000.00
005-1995-09-01892	410035	ASSOCIATED	TELEVISION	INT 98966	9/04/95				12,885.00
005-1995-09-01894	410035	ASSOCIATED	TELEVISION	INT 99005	9/03/95				38,000.00
005-1995-10-00026	410035	ASSOCIATED	TELEVISION	INT 25000	9/26/95				47,500.00
005-1995-10-00085	410035	ASSOCIATED	TELEVISION	INT 99007	10/03/95				290,000.00
005-1995-10-01318	410035	ASSOCIATED	TELEVISION	INT 9907	10/03/95				38,000.00
005-1995-11-00077	410035	ASSOCIATED	TELEVISION	INT AH12933	2/03/94				117,000.00
005-1995-11-00201	410035	ASSOCIATED	TELEVISION	INT 98968	10/04/95				12,885.00
005-1995-12-00297	410035	ASSOCIATED	TELEVISION	INT 99007	10/03/95				47,500.00
005-1995-12-00298	410035	ASSOCIATED	TELEVISION	INT 25002	12/12/95				200,000.00
005-1995-12-00302	410035	ASSOCIATED	TELEVISION	INT 25001	12/10/95				150,000.00
005-1995-12-00303	410035	ASSOCIATED	TELEVISION	INT 98975	11/03/95				12,885.00
005-1995-12-00304	410035	ASSOCIATED	TELEVISION	INT 9909	12/04/95				12,885.00
005-1995-12-00305	410035	ASSOCIATED	TELEVISION	INT 99009	12/03/95				38,000.00
005-1995-12-00306	410035	ASSOCIATED	TELEVISION	INT 99008	12/04/95				47,500.00
005-1996-01-00113	410035	ASSOCIATED	TELEVISION	INT 9910	11/03/95				47,500.00
005-1996-01-00114	410035	ASSOCIATED	TELEVISION	INT 98976	1/02/96				38,000.00
005-1996-01-00114	410035	ASSOCIATED	TELEVISION	INT 98976	1/02/96				1,817.00



20.04.399.4372

EXPENSE ANALYSIS BY VENDOR

APGRB134  
9/12/96

CURRENCY: USD

NATIONAL RIFLE ASSOCIATION  
ASSOCIATED TELEVISION INTL.

COMPANY: 005

ACCOUNT NUMBER	VENDOR NO.	VENDOR NAME	ACCOUNT NAME	INVOICE NUMBER	INVOICE DATE	FACTOR	VCH CUR	VCHR CURRENCY	HOME CURRENCY
005-0082999-0051402-04943	410035	ASSOCIATED TELEVISION INT	Media	101011	4/11/96				2,845.00
005-1996-04-00641	410035	ASSOCIATED TELEVISION INT	Media	101010	3/12/96				9,878.00
005-1996-04-00642	410035	ASSOCIATED TELEVISION INT	Media	101009	3/12/96				9,331.00
005-1996-04-00643	410035	ASSOCIATED TELEVISION INT	Media	101003	3/11/96				6,830.00
005-1996-04-00644	410035	ASSOCIATED TELEVISION INT	Media	101002	3/11/96				8,980.00
005-1996-04-00645	410035	ASSOCIATED TELEVISION INT	Media	101008	3/12/96				14,000.00
005-1996-04-00646	410035	ASSOCIATED TELEVISION INT	Media	101007	12/02/95				90,000.00
005-1996-05-01788	410035	ASSOCIATED TELEVISION INT	Media	101007	12/02/95				95,000.00
005-1996-05-01816	410035	ASSOCIATED TELEVISION INT	Media	102005	4/29/96				75,000.00
005-1996-08-00229	410035	ASSOCIATED TELEVISION INT	Media						311,864.00 *

ACCOUNT TOTAL:

005-0082999-0051404	410035	ASSOCIATED TELEVISION INT	Audio/Visual	98824	4/07/95				1,132.00
005-1995-04-00087	410035	ASSOCIATED TELEVISION INT	Audio/Visual	98955	5/01/95				1,132.00
005-1995-05-00068	410035	ASSOCIATED TELEVISION INT	Audio/Visual	89863	7/10/95				1,132.00
005-1995-07-01499	410035	ASSOCIATED TELEVISION INT	Audio/Visual	98965	8/03/95				1,132.00
005-1995-08-00828	410035	ASSOCIATED TELEVISION INT	Audio/Visual	98967	9/04/95				1,132.00
005-1995-09-01895	410035	ASSOCIATED TELEVISION INT	Audio/Visual	98969	10/04/95				1,132.00
005-1995-11-00076	410035	ASSOCIATED TELEVISION INT	Audio/Visual	98971	12/04/95				1,132.00
005-1995-12-00301	410035	ASSOCIATED TELEVISION INT	Audio/Visual						7,924.00 *

ACCOUNT TOTAL:

5,552,923.62 \*

12,867,747.20 \*

\*\*\*\*\* END OF REPORT \*\*\*\*\*

20.04.1999.4373

5716SS1 V3R6M0 950929 Print Key Output NRA

Display Device : : : : HW2K016S1  
User : : : : : JIM

9/12/96 13:59:34 PAID ITEMS STATUS REPORT . . . . . APGJC50 APDJC50  
Vendor + 1705 AMERICAN ADVENTURER, INC. From 0/00/00 To 0/00/00  
MULTIPLE CONDITIONS AND MASKINGS (\*) PERMITTED

Company + Approval Code  
Co. Group Batch Number  
Factor + Critical Level  
Route Code From / To check dates  
Credit Card or Utility Meter No# + From 010193  
To 091296

EACH OF THESE SELECTIONS YIELDS A REPORT  
Regular Vouchers Pre Paid Vouchers  
One-Time Vendor Vouchers Part Paid Vouchers Only  
Adjusted Vouchers Held Vouchers  
Reversed Vouchers Vouchers Pending Litigation  
Recurring Entry Vouchers Double Reversed Vouchers

F3= Exit F4= Display Blank for all  
Job 037552/JIM/PAID\_ITEMS completed normally on 09/12/96 at 13:59:42.

20 04 39 4374

APG8500 9/12/96

PAID ITEMS REPORT

INVOICE NUMBER	INVOICE DATE	VOUCHER NUMBER	GROSS AMOUNT	DISCOUNT TAKEN	AMOUNT PAID	DATE	ACCT	VOUCHER TYPE
> VENDOR:								
1745	AMERICAN ADVENTURER, INC.							
9402193	1/02/94	001-1994-02-03550	160,000.00	.00	160,000.00	4/12/94	BGRIG	2284
94033211	2/01/94	001-1994-02-03551	160,000.00	.00	160,000.00	4/12/94	BGRIG	2284
9404483	3/01/94	001-1994-03-01516	180,000.00	.00	180,000.00	4/12/94	BGRIG	2284
9404940	4/22/94	001-1994-04-00663	180,000.00	.00	180,000.00	4/26/94	BGRIG	2321
	COMPANY: 001 TOTAL:		680,000.00	.00	.00	*		
COMPANY: 005 CURRENCY: USD								
750023	2/15/95	005-1995-03-02484	228,333.33	.00	228,333.33	4/04/95	FIRST	5826
750025	4/15/95	005-1995-03-02485	228,333.34	.00	228,333.34	4/11/95	FIRST	6216
750024	3/15/95	005-1995-03-02486	228,333.33	.00	228,333.33	4/04/95	FIRST	5826
	COMPANY: 005 TOTAL:		685,000.00	.00	.00	*		
1745	AMERICAN ADVENTURER, VENDOR TOTAL		1,365,000.00	.00	1,365,000.00	*		
*** ** REPORT GRAND TOTAL:								
			1,365,000.00	.00	1,365,000.00	*		

\*\*\*\*\* END OF REPORT \*\*\*\*\*

5716SS1 V3R6H0 950929      Print Key Output      NRA      09/12/96      Page 1      14:31:18

Display Device . . . . . : HW2HO16S1  
User . . . . . : JIM  
9/12/96 14:31:08      PRINT EXPENSE ANALYSIS . . . . .      APGJC50      APDJC50

Company      Accounting Group +  
Co Group      Expensed Currency  
Expensed Month/Year      ( 0-Summary 1-Detail )      1  
VENDOR ORIENTED EXPENSE ANALYSIS  
Vendor +      Vendor Category +  
Factor +      Employee Number  
Master +      Alternate Vendor +

DISTRIBUTION ORIENTED EXPENSE ANALYSIS  
Account      Job Code      Purchase Order #  
+  
F3= Exit      F4= Display      Blank for all

APGRB134  
9/12/96

APTRB134  
20:47:21

COMPANY: 001

VENDOR: 1745

NATIONAL RIFLE ASSOCIATION

AMERICAN ADVENTURER, INC.

CURRENCY: USD

EXPENSE ANALYSIS BY VENDOR

PAGE 1

ACCOUNT NUMBER VOUCHER NUMBER	VENDOR NO.	VENDOR NAME	ACCOUNT NAME	INVOICE NUMBER	INVOICE DATE	FACTOR	VCH CUR	VCHR CURRENCY	HOME CURRENCY
001-1000190-1019109									
001-1994-02-03550	1745	AMERICAN ADVENTURER, INC.	Films	9402193	1/02/94				160,000.00
001-1994-02-03551	1745	AMERICAN ADVENTURER, INC.		94033211	2/01/94				160,000.00
001-1994-03-01516	1745	AMERICAN ADVENTURER, INC.		9404483	3/01/94				180,000.00
001-1994-04-00663	1745	AMERICAN ADVENTURER, INC.		9404940	4/22/94				180,000.00
				ACCOUNT TOTAL:					680,000.00 *
				TOTAL:					680,000.00 *

20.04.393.4376

COMPANY: 005

**NATIONAL RIFLE ASSOCIATION**

CURRENCY: USD

**VENDOR:**

1745

**AMERICAN ADVENTURER, INC.**

**ACCOUNT NUMBER**

ACCOUNT NAME

# INVOICE

УСД

005-0082999-0051402

005-1995-03-02484

005-1995-03-02485

005-1995-03-02486

1745

1745

1745

**1745 AMERICAN ADVENTURER,**

**1745 AMERICAN ADVENTURER,**

**1745 AMERICAN ADVENTURER,**

**50023**

50025

50024

2/15

4/15

3/15/

ACCOUNT TOTAL:

**TOTAL:**

**TOTAL:**

END OF REPORT

228.333.33

228

228,333.33

**685,000.00**

**685,000.00**

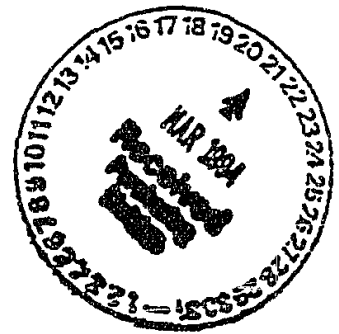
1,365,000.00



**ASSOCIATED**  
**TELEVISION INTERNATIONAL**

February 27, 1994

Mr. Bob Clark  
National Rifle Association  
11250 Waples Mill Road  
Fairfax, VA 22030



INVOICE

INVOICE #: 020115480

Mutual News Network Radio two (2) spots daily, prime time news  
and ROS schedule.

TOTAL AMOUNT DUE NOW: \$380,000.00

Please express or Federal Express your payment to:

Associated Television International  
Attn: David McKenzie  
650 North Bronson Street, Suite #300  
Hollywood, CA 90004

Thank you!



Post-It® brand fax transmittal form 7571. • of pages •

To: Mike Gump From: Eric O'Leary

CA CA

# ASSOCIATED TELEVISION INTERNATIONAL

650 N. Bronson  
Suite 300  
Hollywood, CA 90004

## INVOICE

TO: National Rifle Association  
ATTN: Woody Phillips  
11250 Waples Mill Road  
Fairfax, VA 22030

Purchase of television time for national television broadcast on June 25, 1994. . . \$700,000

### National television stations

WWOR-TV Super Channel  
IISA Network  
National Empowerment Television

### Regional channels

New York	WWOR-TV
Anaheim (LA)	KDOC-TV
Atlanta	WVEL-TV
St. Louis	KPLR-TV
Salt Lake City	KJZZ-TV
Indianapolis	WMCC-TV
Miami	WRFS-TV
Norfolk	WGNT-TV
Boston	WFXT-TV
Little Rock	KASN-TV
Nashville	WXMT-TV
Phoenix	KUPT-TV
Buffalo	WUTV-TV
Orlando	WKCF-TV
Chicago	WGBO-TV
Dallas	KXTX-TV
Houston	KTXH-TV

This covers the purchase of thirty (30) minutes of television time on each of the above channels.

Invoice must be paid immediately for stations to list in the monthly TV Guide.

Program will be listed under the title "Defending the Second Amendment."

*Return check to Mike  
Fax - 415-2*

**ASSOCIATED**  
**TELEVISION INTERNATIONAL**

August 12, 1994

Mr. Bob Clark  
National Rifle Association  
11250 Waples Mill Road  
Fairfax, VA 22030

Invoice# 03516

INVOICE

"GUNS, CRIME & FREEDOM" COMMERCIAL.

Advance Media Purchase, Radio - \$200,000.00  
(Partial Payment)

Advance Media Purchase, Television- \$150,000.00  
(Partial Payment)

TOTAL AMOUNT DUE NOW: \$350,000.00

Please Fed Ex or Express Your Payment To:

ASSOCIATED TELEVISION INTERNATIONAL  
650 NORTH BRONSON STREET, SUITE 300  
HOLLYWOOD, CALIFORNIA 90004  
ATTN: DAVID MCKENZIE

Thank You!

# ASSOCIATED TELEVISION INTERNATIONAL

V# 410035  
PO# 10174

National Rifle Association  
Mr. Bob Clark  
11250 Waples Mill Road  
Fairfax, VA 22030  
Fax #: 703-267-5989

## RUSH

Received  
Purchasing  
Division  
JUL 1994

### INVOICE

INVOICE #: 156231

For NRA/NBC Mutual Network Radio combined half hour NRA  
infomercial.

TOTAL AMOUNT NOW DUE: \$350,000.00

Please Fed Ex or express your payment to:

Association Television International  
650 North Bronson Street #300  
Los Angeles, CA 90004  
Attn: David McKenzie

Thank you!

**ASSOCIATED**  
**TELEVISION INTERNATIONAL**

82999-51402  
PO# 16571

April 4, 1995

Mr. Bob Clark  
National Rifle Association  
11250 Waples Mill Road  
Fairfax, VA 22030

**INVOICE**

Invoice# 23498

American Hunter ESPN Schedule.

1995 Spots & Production. April Payment.

**TOTAL AMOUNT NOW DUE:**

**\$180,000.00**

Please Fed Ex or Express Mail your payment to:

Associated Television International  
650 North Bronson Street, Suite 300  
Hollywood, California 90004  
Attn: David McKenzie

Thank You!



# ASSOCIATED

TELEVISION INTERNATIONAL

*OK M. J.*

July 27, 1994

National Rifle Association  
Mr. Bob Clark  
11250 Waples Mill Road  
Fairfax, VA 22030

Invoice# 078430

*Acct # 410035*

*PO# 11264*

*80696-896112*

## INVOICE

Invoice# 0529441 Stage Construction/Props for Convention 168,819.00

Invoice# 4190651 NRA Infomercial/Partial Payment 562,250.00

PAYMENT RECEIVED, CHECK # 1096 - 700,000.00

*PD 5/25/94*

TOTAL BALANCE DUE 31,069.00

*80696 896112*

*(137,750.00)*  
*168,819.00*

*31,069.00*



Please Fed Ex or express your payment to:

ASSOCIATED TELEVISION INTERNATIONAL  
650 NORTH BRONSON STREET, SUITE 300  
HOLLYWOOD, CALIFORNIA 90004  
ATTN: DAVID MCKENZIE

THANK YOU!

*OK 8/30/94*  
SUBJECT TO SALES TAX  
TAXED ON INVOICE  
SUBJECT TO THE TAX  
Processed By *RL 8/29/94*

YES

NO

*AUG 1994*

**ASSOCIATED**  
**TELEVISION INTERNATIONAL**

*m.f.*

*PC#18878*  
*82999-5146*

September 3, 1995

Mr. Woody Phillips  
National Rifle Association  
11250 Waples Mills Road  
Fairfax, VA 22030

**INVOICE**

Invoice #9906

Network Radio "Mutual Network" ROS spots and Multi-Verse Network ROS schedule, commencing April 2, 1995 through June 2, 1996. Total due \$570,000.00 with 15 monthly installments of \$38,000.00

**TOTAL AMOUNT DUE SEPTEMBER, 1995 - \$38,000.00**

Please overnight or Federal Express your payment to:

Associated Television International  
650 North Bronson Street, Suite 300  
Hollywood, California 90004  
ATTN: David McKenzie

Thank You!



**ASSOCIATED**  
**TELEVISION INTERNATIONAL**

September 3, 1995

Mr. Woody Phillips  
National Rifle Association  
11250 Waples Mills Road  
Fairfax, VA 22030

PO# 18880  
82999-5140

**INVOICE**

Invoice #99005

NBC Radio Network, NRA / Wayne La Pierre Show, 2 hours live starting October 15, 1995, every Sunday 8-10pm East Coast Time, to the rest of the country for 26 months. Monthly payments ( 26 months ) of \$ 47,500.00 to include 4 NBC radio spots within show, all production of spots, radio show, distribution, studio time, 800 # phone lines, producer production and creative, satellite time & all other necessary to produce a 2 hour network radio program.

**TOTAL AMOUNT DUE OCTOBER 1, 1995 - \$47,500.00**

Please overnight or Federal Express your payment to:

Associated Television International  
650 North Bronson Street, Suite 300  
Hollywood, California 90004  
ATTN: David McKenzie

Thank You!





**ASSOCIATED**  
TELEVISION INTERNATIONAL

PC#18875  
82999-51402

SEPTEMBER 26, 1995

Mr. Woody Phillips  
National Rifle Association  
11250 Waples Mill Road  
Fairfax, Va. 22030

INVOICE

Invoice #25000

NFL FOOTBALL & COLLEGE GAMES  
2nd Payment

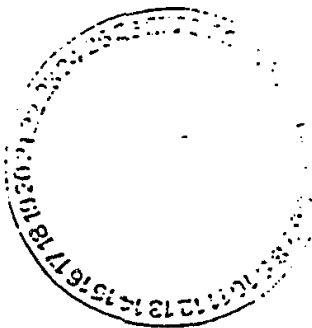
TOTAL AMOUNT NOW DUE: \$290,000.00

Please Fed Ex or Express Mail your payment to:

Associated Television International  
650 North Bronson Street, Suite 300  
Hollywood, California 90004  
Attn: David McKenzie

THANK YOU.

Return  
check  
TO  
Mike Fry  
ext 1686



FEDERAL SERVICES DIVISION	
Approved for over \$50,000	
<i>E. Hall</i>	10/4/95
Officer	Date
<i>W. B. [Signature]</i>	10/5/95
Officer	Date
FSD Submitted to Treasurer's Office	
<i>[Signature]</i>	10-04-95
Los Angeles, California 90078	

Telephone (213) 671-1340 • Telex 687532 • Fax (213) 463-6048

**ASSOCIATED**  
**TELEVISION INTERNATIONAL**

September 4, 1995

PO#18877  
82999-514-02

Mr. Woody Phillips  
National Rifle Association  
11250 Waples Mill Road  
Fairfax, VA 22030

**INVOICE**

Invoice# 98966

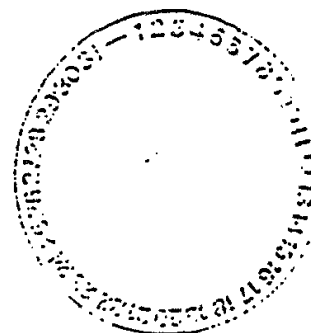
Weekend Network Radio schedule, January 1, 1995 through November, 1996.  
Monthly amount due, \$12,885.00.

**TOTAL AMOUNT DUE OCTOBER, 1995 - \$12,885.00**

Please express or Federal Express your payment to:

Associated Television International  
650 North Bronson Street, Suite 300  
Hollywood, California 90004  
Attn: David McKenzie

Thank You!



**ASSOCIATED**  
**TELEVISION INTERNATIONAL**

October 26, 1995

Mr. Woody Phillips  
National Rifle Association  
11250 Waples Mill Road  
Fairfax, VA 22030



INVOICE

PO# 20248

Invoice # 25002

Mutual Network Radio News

TOTAL AMOUNT DUE 12/1/95 - \$200,000.00

Please overnight or Federal Express your payment

Associated Television International  
650 North Bronson Street, Suite 300  
Hollywood, California 90004  
Att'n: David McKenzie

Thank You!

<b>FINANCIAL SERVICES DIVISION</b>	
Approval for over \$50,000	
Officer <i>[Signature]</i>	Date 12-11-95
Officer <i>[Signature]</i>	Date 12/11/95
FSD Submitted to Treasurer's Office	
Initials <i>[Signature]</i>	Date 12-11-95

# ASSOCIATED TELEVISION INTERNATIONAL

October 26, 1995

Mr. Woody Phillips  
National Rifle Association  
11250 Waples Mill Road  
Fairfax, VA 22030



## INVOICE

Invoice # 25001

*PO# 20241*

Network Talk Radio

TOTAL AMOUNT DUE 12/10/95 - \$150,000.00

Please overnight or Federal Express your payment to:

Associated Television International  
650 North Bronson Street, Suite 300  
Hollywood, California 90004  
Att'n: David McKenzie

Thank You!

<b>FINANCIAL SERVICES DIVISION</b>	
Approval for over \$50,000	
<i>[Signature]</i> Officer	<i>12-11-95</i> Date
<i>[Signature]</i> Officer	<i>12/11/95</i> Date
FSD Submitted to Treasurer's Office:	
<i>[Signature]</i> Initials <i>M.F.</i>	<i>12-11-95</i> Date

August 23, 1996

Mr. Woody Phillips  
National Rifle Association  
11250 Waples Mill Road  
Fairfax, VA 22030

P.O.#  
25064

INVOICE  
Invoice #10112

Part Payment for outstanding American Adventurer debt.

TOTAL AMOUNT DUE NOW:

\$285,000.00

- 150,000.00 partial PA,  
\$135,000.00 Balance

Associated Television International  
650 North Bronson Street, Suite 300  
Hollywood, California 90004  
Attn: David McKenzie

Thank you!

82999 51402 492



FINANCIAL SERVICES DIVISION	
Approval for over \$50,000	
Officer	Date
<i>[Signature]</i>	8/29/96
Chief	Date
<i>[Signature]</i>	8-29-96
FSD Supv	Date
<i>[Signature]</i>	8-29-96
Initials	Date
<i>[Signature]</i>	8-29-96

05/21/96 14:02 FAX 213 489 5739

ASSOCIATED TV

011

TELEVISION INTERNATIONAL

PO # 23606

December 2, 1995

Mr. Woody Phillips  
National Rifle Association  
11250 Waples Mill Road  
Fairfax, VA 22030

W

INVOICE  
Invoice # 101007

82999  
51402  
4943

American Hunter Production & spots on ESPN. 1996 season for 13 half-hour shows, for 13 weeks.

TOTAL AMOUNT DUE NOW:

\$ 518,000.00  
90,000.00  
Partial Payment  
05-30-96

Associated Television International  
650 North Bronson Street, Suite 300  
Hollywood, California 90004.  
Attn: David McKenzie

Thank You!

<b>FINANCIAL SERVICES DIVISION</b>	
Approval for over \$50,000	
<i>W. Phillips</i> Officer	<i>5/30/96</i> Date
<i>E. J. Lopez</i> Officer	<i>5/30/96</i> Date
FSD _____ Office:	
<i>D. M. J.</i> Initials	<i>05-30-96</i> Date

64:2 PM 30 MAY 96

RECEIVED  
FINANCIAL SERVICES

# ASSOCIATED TELEVISION INTERNATIONAL

April 29, 1996

Mr. Woody Phillips  
National Rifle Association  
11250 Waples Mill Road  
Fairfax, VA 22030

INVOICE  
Invoice # 102005

*Return  
check  
To  
Mike Fry  
1686/1685*

WJLA legal settlement

NRA TV spots ROS 94/95

RECEIVED  
FINANCIAL SERVICES DIVISION

TOTAL AMOUNT DUE NOW:

\$75,000.00

*82999 51402 4943*

Associated Television International  
650 North Bronson, Suite 300  
Hollywood, CA 90004  
Attn: David McKenzie

Thank you

FINANCIAL SERVICES DIVISION	
Approved for cash \$50,000	
<i>E. J. Holt</i>	<i>8 Aug 96</i>
Chief	
<i>W. J. Miller</i>	<i>8/4/96</i>
Chief	
FED submitted to Treasury Office	
<i>[Signature]</i>	<i>8-4-96</i>
Initials	

# ASSOCIATED TELEVISION INTERNATIONAL

November 1, 1996

Mr. Woody Phillips  
NATIONAL KIDS ASSOCIATION  
11250 Waples Mill Road  
Fairfax, VA 22030

PO # 26440

## INVOICE Invoice # 101014

American Adventurer TV series, 1996/1997 Season. For Production & Three  
Minutes of commercial time included for 26 weeks.

TOTAL AMOUNT DUE NOW:

\$685,000.00  
- 50,000.00 *front pay 12*  
\$ 635,000.00

Associated Television International  
650 North Bronson Street, Suite 300  
Hollywood, California 90004  
Attn: David McKenzie

Thank You!

<b>FINANCIAL SERVICES DIVISION</b>	
<b>AMOUNT DUE \$685,000</b>	
<i>W. Phillips</i> 12-02-96	
<i>Verbal OK</i> 12-23-96	
<i>E. J. [Signature]</i> 12/3/96	
Officer	Date
<b>FSD Submitted to Treasurer's Office</b>	
<i>[Signature]</i> 12-23-96	
Initials	Date



# ASSOCIATED

TELEVISION INTERNATIONAL

November 3, 1995

Mr. Woody Phillips  
National Rifle Association  
11250 Waples Mills Road  
Fairfax, VA 22030

DO#9942

## INVOICE

Invoice #9908

Network Radio "Mutual Network" ROS spots and Multi-Verse Network ROS schedule,  
commencing April 2, 1995 through June 2, 1996. Total due \$570,000.00 with 15 monthly  
installments of \$38,000.00

TOTAL AMOUNT DUE NOVEMBER, 1995 - \$38,000.00

Please overnight or Federal Express your payment to:

Associated Television International  
650 North Bronson Street, Suite 300  
Hollywood, California 90004  
ATTN: David McKenzie

Thank You!

82999  
51402



*[Handwritten signature]*

#3143

August 14, 1995

Mr. Woody Phillips  
National Rifle Association  
11250 Waples Mill Road  
Fairfax, VA 22030

INVOICE

Invoice# 98973

American Hero Awards & Charleton Heston Celebrity Shoot

Reimbursement of Travel Expenses:

NY / LA / NY; Four, First Class Airline Tickets at \$2,930.00 each. For the American Hero Awards and Charleton Heston Shoot:

\$11,730.00

Heston Shoot, Three Limos for Celebrities; LAX / S. COAST / LAX:

\$ 1,688.00

Hero Awards, for Celebrities and Award Receipients ( 5 Limos ). J.W. Marriott to Hollywood / Raleigh Studios;

\$ 1,980.00

Hotel Rooms for Celebrities J.W. Marriott - 5 Suites for 4 days:

\$ 9,854.00

Five Hotel Rooms at J.W. Marriott for 4 Days:

\$ 3,927.00

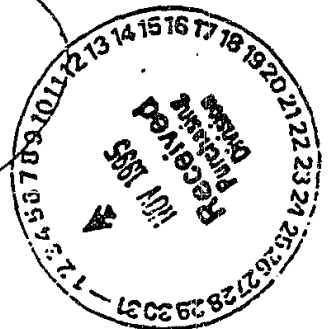
TOTAL AMOUNT DUE:

~~\$29,179.00~~

Please Federal Express or Overnight your payment in full to:

The Expedition Company, Inc.  
C/O Associated Television International  
650 North Bronson Street, Suite 300  
Hollywood, California 90004  
Attn: David McKenzie

Thank You!



Thomas FITZGERALD, a New Jersey Citizen, et al., Plaintiffs, v. The NATIONAL RIFLE  
ASSOCIATION OF AMERICA, a New York corporation, Defendant

Civ. A. No. 772-73

UNITED STATES DISTRICT COURT FOR THE DISTRICT OF NEW JERSEY

383 F. Supp. 162; 1974 U.S. Dist. LEXIS 6646

September 23, 1974

COUNSEL: [\*\*1]

Irwin & Post by Charles J. Irwin, Newark, New Jersey, for the plaintiffs.

Shanley & Fisher by Thomas F. Campion, Newark, New Jersey, for defendant.

JUDGES: Whipple, Chief Judge.

OPINIONBY: WHIPPLE

OPINION: [\*163] OPINION AND ORDER

WHIPPLE, Chief Judge.

Plaintiffs have petitioned this Court for an Order requiring the defendant, National Rifle Association of America, (NRA), to publish certain advertising in *The American Rifleman*, NRA's official journal. On behalf of Fitzgerald, plaintiffs submitted an advertisement concerning Fitzgerald's candidacy for the NRA's Board of Directors, which defendants refused to publish.

The 75 member Board consists of, and is elected by, so-called "life members" of the NRA. There are approximately 146,000 members in this category, while "annual members" number more than 800,000. Annual members are not eligible to vote for the Board of Directors, but may make recommendations to a "Nominating Committee" which selects candidates for the election.

The Nominating Committee is selected by the president of the NRA, who is elected by the members of the Board of Directors. As noted above, this Committee, which is comprised of life members, engages in the process [\*\*2] of nominating candidates for the Directors' election. NRA By-laws also provide for a write-in ballot in this election.

In an effort to gain nomination, plaintiff Fitzgerald first became a life member by paying the necessary fee. He then sought support from the membership by means

of an advertisement in *The American Rifleman*.

[\*164] Upon receipt of the proffered ad, with which proper payment was tendered, the NRA advised that the material was unsuitable for publication. On its advertising rate card, the NRA states that it "reserves the right to reject or discontinue any advertisement and to edit all copy."

The defendant justifies its refusal to publish the plaintiffs' advertisement by citing an impressive list of precedents upholding the right of a newspaper or magazine to refuse to accept for publication any advertisement submitted to it by a prospective advertiser. n1 The discretion afforded publishers to deny space to those seeking to buy it is premised on the characterization of newspapers as private enterprises, rather than as businesses clothed with a public interest.

n1 See, e.g., *Approved Personnel, Inc. v. Tribune Co.*, 177 So.2d 704 (Fla. Dist. Ct. App. 1965); *Shuck v. Carroll Daily Herald*, 215 Iowa 1276, 247 N.W. 813 (1933); *Poughkeepsie Buying Service, Inc. v. Poughkeepsie Newspapers, Inc.*, 205 Misc. 982, 131 N.Y.S.2d 515 (Sup. Ct. 1954).

[\*\*3]

Accordingly, a newspaper publisher is generally free to contract and deal with whomever he chooses in the same manner as other businessmen. See *J. J. Gordon, Inc. v. Worcester Tel. Publishing Co.*, 343 Mass. 142, 177 N.E.2d 586 (1961). This Court has no quarrel with this principle and recognizes the general right of a newspaper or magazine to decide what advertisements it will and will not accept. It is the Court's view, however, that this rule is not absolute in all circumstances. Like the vast majority of legal rights and privileges, the right here in question must yield when its exercise would result in the curtailment of another right of even greater social importance.

The United States Supreme Court has recognized the qualified nature of the publisher's right to refuse advertisements. In *Lorain Journal Co. v. United States*, 342 U.S. 143, 72 S. Ct. 181, 96 L. Ed. 162 (1951), the Court faced the question of whether a newspaper could refuse advertising when its purpose was the monopolization of interstate commerce. In discussing the issue, the Court noted:

The publisher claims a right as a private business concern to select its customers and to refuse to accept advertisements [\*\*4] from whomever it pleases. We do not dispute that general right. "But the word 'right' is one of the most deceptive of pitfalls; it is so easy to slip from a qualified meaning in the premise to an unqualified one in the conclusion. Most rights are qualified." *American Bank & Trust Co. v. Federal Reserve Bank*, 256 U.S. 350, 358, 41 S. Ct. 499, 500, 65 L. Ed. 983. The right claimed by the publisher is neither absolute nor exempt from regulation.

Id. at 155, 72 S. Ct. at 187.

The Court concluded that when balanced against the Congressional policy of preventing monopoly, the right of publishers to refuse advertisements must yield.

The publisher's right of refusal was also forced to yield to a countervailing right in *Hodgson v. United Mine Workers of America*, 344 F. Supp. 17 (D.D.C. 1972). Significantly, the countervailing interest in *Hodgson* was the right of union members to a fair election under the Labor Management Reporting and Disclosure Act, 29 U.S.C.A. § 481 et seq.

In the instant case, this Court must decide whether the publisher's right must give way when balanced against the fiduciary duty of corporate directors to insure fair and open corporate elections. [\*\*5] This duty of course extends only to the association membership. Plaintiffs Fitzgerald and Abelman are members in good standing of the NRA and thus qualify to bring this issue to the Court's attention. The third plaintiff, NRA Members for a Better NRA, is not now, nor has it ever been, affiliated with the NRA in any way. As to this plaintiff, [\*165] therefore, all relief is denied. All future references to plaintiffs in this Opinion apply only to Messrs. Fitzgerald and Abelman.

At the outset it is important to note that *The American Rifleman* is the official journal of the NRA. As such it is neither published for, nor circulated to, the general reading public. The Court takes judicial notice that the *Rifleman* is available only to NRA members. It is not sold at newsstands, nor are subscriptions accepted from non-NRA members. The magazine's publishing

costs are met through NRA membership dues, as well as through the acceptance of advertising. In addition to containing articles of general interest to gun enthusiasts, the *Rifleman* is used to acquaint NRA members with the policies and activities of the association.

Finally, it should be pointed out that the *Rifleman* [\*\*6] is an integral part of the NRA's election process. Once the nominating committee has selected its list of candidates for office, the list is published in the *Rifleman*. Voters then must refer to the *Rifleman* in order to exercise their franchise.

This special relationship between the NRA and *The American Rifleman* indicates that the *Rifleman* is closer in form to a corporate newsletter than to a traditionally commercial publication such as *Time* or *Newsweek*. Indeed in the instant case, traditional distinctions between a publisher and an advertiser become blurred, since the plaintiffs may justifiably claim an ownership interest in the *American Rifleman*. Plaintiffs are members in good standing of the association which publishes the magazine and their dues go in part to meet the magazine's printing costs.

The NRA itself is organized under the laws of the State of New York pursuant to that state's Not-For-Profit Corporation Law § 101 et seq. (McKinney's Consol. Laws, c. 35, 1970) [hereinafter N.P.C.L.]. Like all corporate directors and officers, the management of the NRA owes a fiduciary duty to its stockholders (in this case the association's membership) [\*\*7] to conduct the NRA's affairs in a good faith effort to promote the best interests of the association. In the case of the NRA, this common law duty is augmented by Section 717(a) of the N.P.C.L., which provides in part:

Directors and officers shall discharge the duties of their respective positions in good faith . . . .

Because of the special relationship between the NRA and *The American Rifleman*, it is this Court's view that the fiduciary obligations of the association's directors and officers applies with equal vigor to the operation of *The American Rifleman*.

As part of their overall fiduciary relationship with the stockholders, it is well established that the directors and officers cannot manipulate the affairs of the corporation primarily with the intent of securing control of the corporation to one faction of stockholders or of excluding another. See 3 W. Fletcher Cyc. Corp. § 850, at 206 (perm. ed. rev. 1965). Justice Douglas speaking for the Court in *Pepper v. Litton*, 308 U.S. 295, 311, 60 S. Ct. 238, 247, 84 L. Ed. 281 (1939), firmly restated this principle in the following language:

He who is in such a fiduciary position cannot serve himself [\*\*8] first and his cestuis second. He cannot manipulate the affairs of his corporation to their detriment and in disregard of the standard of common decency and honesty . . . He cannot use his power for his own personal advantage and to the detriment of the stockholders and creditors no matter how absolute in terms that power may be and no matter how meticulous he is to satisfy technical requirements. For that power is at all times subject to the equitable limitations that it may not be exercised for the aggrandizement, preference, or advantage of the fiduciary to the exclusion or detriment of the cestuis.

[\*166] The principles enunciated above make it clear that officers and directors cannot utilize corporate instrumentalities such as *The American Rifleman* to perpetuate themselves in office. If the concepts of fiduciary duty and corporate democracy are to exist as something more than pious frauds, dissident stockholders must have the opportunity to alert fellow stockholders to alternative policies and programs. Corporate elections become hollow mockeries if candidates are unable to bring their candidacies and platforms to the attention of the stockholders at large.

In the [\*\*9] instant case, plaintiffs Fitzgerald and Abelman have been thwarted in every attempt to place their viewpoint and Fitzgerald's candidacy before the general membership. Plaintiffs first sought a list of NRA members (to which they were entitled by virtue of N.P.C.L. § 621 (b)) and were refused access. Defendant justified its refusal on the ground that the cost of a private mailing to the more than 1,000,000 NRA members would be prohibitive. The plaintiffs then sought to place an advertisement in *The American Rifleman*, announcing Fitzgerald's platform and candidacy, and asking for contributions. Although the advertisement was tendered along with proper payment, it too was denied.

In the Court's view, this series of events raises the spectre of management bad faith. At the very least, a great potential exists for the self-perpetuation of the incumbent NRA hierarchy.

The only justification defendant offers for refusing plaintiffs' advertisement is to point out that

[the] defendant's magazine publishes as part of its advertising information a notice that it "reserves the right to reject or discontinue any advertisement and to edit all copy".

Defendant's brief pp. [\*\*10] 1-2.

This explanation does not satisfy the heavy burden placed on directors and officers to justify their dealings with corporate shareholders. As was noted in the case of *In re Brunner Air Compressor Corp.*, 287 F. Supp. 256, 263 (N.D.N.Y.1968):

[A director's] dealings with the corporation are subjected to rigorous scrutiny and where any of their contracts or engagements with the corporation is challenged the burden is on the director . . . not only to prove the good faith of the transaction but also to show its inherent fairness from the viewpoint of the corporation and those interested therein.

In view of the "equitable limitations" of decency and fair dealings imposed on defendant's management, and the special status of *The American Rifleman* as the corporate publication of the NRA and an integral part of its election process, it is this Court's opinion that the traditional right of a magazine to refuse publication of an advertisement must give way.

The defendant raises the additional argument that the relief sought by plaintiffs violates the First Amendment guarantee of a free press. In support of this argument, the defendant relies on *Miami Herald Publishing [\*\*11] Co. v. Tornillo*, 418 U.S. 241, 94 S. Ct. 2831, 41 L. Ed. 2d 730 (1974), in which the Supreme Court struck down as unconstitutional a Florida statute which granted a political candidate the right to equal space to reply to newspaper criticism. This Court is not convinced that the *Tornillo* case is applicable where as here a commercial advertisement, rather than a political editorial or article, is involved. Even if *Tornillo* is read as extending First Amendment protection to a publisher's right to refuse paid advertising, however, it is the Court's view that on the particular facts of this case, the defendant's First Amendment right would not be abridged by requiring it to publish plaintiffs' advertisement.

In the case of *Konigsberg v. State Bar of California*, 366 U.S. 36, 81 S. Ct. 997, 6 L. Ed. 2d 105 (1961), the Supreme Court rejected the view that the freedoms of speech and association as protected [\*167] by the First Amendment are absolutes in the sense that where constitutional protection exists, it must prevail.

In the case of *Pittsburgh Press Co. v. Human Relations Comm'n*, 413 U.S. 376, 93 S. Ct. 2553, 37 L. Ed. 2d 669 (1973), the Court took the same view in regard [\*\*12] to the First Amendment guarantee of a free press.

No one is entitled to use the First Amendment protections as a shield behind which illegal activities are conducted, or legal obligations are shirked. As the Supreme

[It] has never been deemed an abridgement of freedom of speech or press to make a course of conduct illegal merely because the conduct was in part initiated, evidenced, or carried out by means of language, either spoken, written, or printed.

In the instant case, the Court has found that the defendant's refusal to publish plaintiffs' advertisement, at the very least, creates the potential for the violation of defendant's corporate trust. The Court has already noted the unusual nature of The American Rifleman and its special relationship to the NRA and to the plaintiffs. The guarantees of the First Amendment cannot serve as the justification for improper utilization of a corporate publication such as The American Rifleman. The First Amendment cannot be used as a pretext for denying stockholders their right to participate in corporate affairs. [\*\*13]

In the instant case, the claims of constitutional deprivation are particularly ill founded. No effort is being made here to shackle The American Rifleman by forbidding it to espouse any editorial policies or to report any news events. Under normal circumstances, The American Rifleman would be the most convenient forum for reaching the membership at the NRA. However, following defendant's refusal to supply the plaintiffs with a membership list, the Rifleman becomes the only forum for reaching the membership. It is not an abridgement of anyone's First Amendment rights to require the NRA's

maintain a viable corporate democracy in the only manner possible given the circumstances the management itself has created.

To conclude, it is this Court's opinion that it is the duty of the NRA's directors and officers to take all necessary steps to insure an informed electorate and fair corporate elections. The Court does not believe, however, that the defendant should be required to do more than is absolutely necessary to provide this insurance.

The Court believes that the [\*\*14] maintenance of a viable corporate democracy in this case requires that the plaintiffs be permitted to alert their fellow NRA members to their policy positions and to Fitzgerald's candidacy. It does not believe that corporate democracy requires the defendant to allow plaintiffs the opportunity to solicit campaign contributions through the pages of The American Rifleman.

It is therefore, on this 23rd day of September, 1974

ORDERED that upon tender of proper payment The American Rifleman accept and publish the advertisement originally submitted by the plaintiffs, except for the following lines:

"Is your gun worth a buck" . . .

"And your contributions to his campaign".

Plaintiffs shall submit an appropriate Order, consented to, at least as to form, by the defendant.

June 25, 1998

Affadavit of Brad Alpert RE: ILA Electioneering at NRA Convention

On Sunday, June 6, 1998 I was present at the NRA Convention in Philadelphia, PA. At 1:30 pm on that day I attended a seminar on concealed carry there and left the seminar at the first break at 2:45 pm in order to make my way back to the airport for my departure flight.

Upon leaving the seminar with my ladyfriend, we decided to go by the ILA booth in the convention hall and see whether Tanya Metaksa was present there for booksignings, as my friend wanted an autographed copy of her book entitled "Safe, Not Sorry". We went to the booth and I noticed a stack of NRA Board of Director ballot petitions on the counter. I have an interest in NRA affairs and noticed that the petitions were made out in support of Mr. Joel Friedman of Pasadena, CA. It happens that I have known Mr. Friedman for several years and had, in fact, noticed him sitting in the concealed carry seminar and observed that he was walking with a crutch.

A middle-aged lady with shoulder-length brunette hair who was not wearing a nametag but was, presumably, an ILA staffer because she was in the booth conducting business, told us that these were petitions for an NRA board candidate and that we should each sign one. I was not inclined to do so and turned the conversation to the topic of what had happened to Mr. Friedman which resulted in his being on a crutch and was told by this woman that he had "fallen into a manhole."

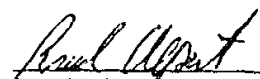
At this point, it was approximately 2:50pm. Both myself and my ladyfriend were wearing our blue NRA Life Member ribbons, which identified us as likely eligible voters.

Mrs. Metaksa was in the booth and at that time became available. I shook her hand and chatted with her for a moment. I introduced her to my friend and said that she was interested in getting an autographed copy of "Safe, Not Sorry" which she promptly provided produced and autographed. I spoke with Mrs. Metaksa for another moment afterwards discussing a legislative matter of mutual interest in my home state, shook hands with her again, and then said that we needed to be heading out to the airport.

The presumed ILA staff brunette lady then came up and pushed the stack of petitions forms towards us and said "I need you to sign these forms." My ladyfriend looked at the form being offered us and pointed out an entry from a signer who lived near her, based on his town of residence, which was listed as "Dunedin, FL". I noticed that that particular entry lacked a membership number and commented on that to her. Both of us could identify that petition sheet., based on those particular elements.

We demurred the signing and left.

Thinking about the episode on the way to the parking lot, it occurred to me that NRA staff is not supposed to be involved with NRA elections. I made inquiries about this and was told that this was indeed the case.

  
Brad Alpert  
1551 SW 25  
Kingsville, MO 64061

  
Notary Public

My commission expires: 06/24/2001

Betty L. Paddack  
Notary Public, State of Missouri  
County of Johnson  
My Commission Exp. 06/24/2001